



# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, April 17, 2014

Hog Prices: ↑ Soymeal: ↓  
Corn: ↔ CDN Dollar: ↓

US Slaughter	
412,000	Wednesday
421,000	Wednesday (year ago)
W. Corn Belt	\$114.67
National Price	\$120.99
Daily Sig 3	\$231.80
Daily Sig 4	\$236.83
Thunder Creek	\$231.72
4-Month Fwd.	\$230.95
<b>B of C Ex. Rate (Noon)</b> \$1.1028 CAD/ \$0.9067 USD	
<b>Cash Prices Week Ending April 11, 2014</b>	
Signature 3	112.02/246.95
Signature 4	111.43/245.65
h@ms Cash	110.75/244.15
Hylife	109.90/242.28
Thunder Creek	116.85/257.60
ISO Weans	\$86.34 US Avg.
Feeder Pigs	\$135.40 US Avg.
#1 Export Sows (+500lbs)	\$94.00 cwt.

**Forward contract prices opened higher this morning.** US cash markets dropped more than \$2.00/cwt in most reporting regions yesterday as packers had the supplies they needed to meet this week's reduced slaughter week well in hand. The observance of Good Friday at most slaughter facilities is expected to cut about 250,000 hogs from this week's kill. While still trending lower, wholesale pork prices have shown signs of support recently, with the barbecue cuts of ribs and loins providing the support. Meat buyers have few inexpensive alternatives as both beef and pork supplies are very tight and projected to stay that way until the end of the year. So far, there have been no obvious indications of consumers pulling back from meat purchases, possibly benefitting from a more optimistic view of the US economy due to consistent job growth over the last several months. Summer month Lean Hog futures are now holding a premium to the cash market, due to the break in cash hog values over the last week. Producers considering adding forward price protection in the summer months should consider setting targets at levels \$5-\$10/ckg better than current prices as volatility remains high.

**h@ms Marketing will be closed on Friday, April 18<sup>th</sup> to observe Good Friday. The office and Risk Management department will be open for business on Easter Monday.**

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading mixed. Any news relating to supply and demand fundamentals is having a significant effect on the market due to the extremely low ending stock situation currently facing the US. As such, the bullish NOPA crush report on Tuesday and the anticipated export numbers (released later this morning) continue to be supportive influences on the market. The general consensus is that current demand for US beans is unsustainable noting the low ending stock numbers and a cumulative sales pace reaching over 100% of USDA estimates.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Unlike soybeans, US corn ending stock (while being revised lower in recent reports) is still relatively large at ~1.3 billion bu. So while weather events will influence market activity as is typical at this time of year, the impact will be somewhat less dramatic than in other grains. Support comes from some weak planting numbers, escalating tensions in the Ukraine and bullish ethanol numbers. Pressure comes from improving weather conditions in key growing areas and the fact that US farmers can plant a lot of corn in a very short timeframe.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		234.73 242.30	238.76 244.31	235.36 242.94	210.07 235.56	193.38 201.99	190.20 196.79	161.93 170.04	167.50 170.04
Maple Leaf Sig. #4		229.35 235.61	231.70 237.76	229.09 236.73	210.38 230.26	190.79 205.09	190.37 193.31	163.38 174.18	168.48 172.11
Soymeal Winnipeg Delivered	632	637	637	638	638	638			
Corn Winnipeg Delivered	186	188	188						

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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