



# Hog Margin Outlook

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Monday, May 05, 2014

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

US Slaughter	
2.019 mil.	Last Week
2.091 mil.	Last Week (year ago)
W. Corn Belt	\$112.19
National Price	\$112.67
Daily Sig 3	\$225.65
Daily Sig 4	\$219.45
Thunder Creek	\$225.43
4-Month Fwd.	\$224.21
B of C Ex. Rate (Noon)	
\$1.0973 CAD/ \$0.9113 USD	
Cash Prices Week Ending May 02, 2014	
Signature 3	102.03/224.93
Signature 4	101.21/223.12
h@ms Cash	100.53/221.62
Hylife	99.87/220.17
Thunder Creek	105.23/232.00
ISO Weans	\$79.74 US Avg.
Feeder Pigs	\$128.82 US Avg.
#1 Export Sows (+500lbs)	\$91.00 cwt.

**Forward contract prices opened mixed this morning.** US cash markets are expected to open higher this morning after last week's lower trend took us to the lowest cash price in about two months. Packers cut their bids by approximately \$3.00/cwt over last week, and yielded a weekly slaughter in the US that was barely higher than 2 million hogs which was close to 4% lower than year ago levels. However, with hog carcass weights still running at record large levels - better than 215 lbs - total pork production for last week was only marginally lower than a year ago. Uncertainty of supply remains the primary focus of the market, as we enter into what is typically the lowest production period of the year with talk of larger reductions from PED than we have already seen. June Lean Hog futures are maintaining a premium of about \$8.00/cwt over the current CME Lean Hog Index, which suggests that most traders are still optimistic about the near term trend. However, large speculators continue to exit from their net 'long' positions, which has been a bearish influence on the market over the last few weeks.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading mixed. There are rumors that beans have been entering the US via the eastern seaboard. However, there is talk that increased Brazil imports would only affect less than 25% of all US crushers meaning supply tightness is inevitable for the time being until the new crop harvest. The trade is expecting between 7% and 9% planted in today's Crop Progress report. Closer to home, meal purchasers are reminded that they will soon be competing for truck availability with fertilizer customers; possible delays should be expected.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. Support comes from a rally in the overnight session sparked by support in the wheat market, in part as a result of rising tensions in the Ukraine and worse than expected yield estimates reported on the Kansas Wheat Tour. Planting could be slowed on news of forecasted mid-week showers. The USDA's Crop Progress report is expected to show up to 29% planted compared to 19% last week. Five-week average for this time of year is 42%.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		236.00	236.04	218.04	201.39	198.34	174.51	180.07	172.51	174.03
		241.54	243.61	237.96	209.97	204.91	182.60	182.60	172.51	174.03
Maple Leaf Sig. #4		228.64	228.77	217.10	197.56	197.26	174.57	179.67	172.74	174.12
		234.68	236.39	231.60	211.83	200.20	185.35	183.29	173.14	174.12
Soymeal Winnipeg Delivered	632	632	634	634	634					
Corn Wpg. Delivered	186	186	188							

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Some Important h@ms Marketing Phone Numbers

- Main Switchboard: 204-233-4991
- Logistics Coordinator (Crystal): 204-235-2225
- Risk Management (Paul and Melodie): 204-235-2237
- Toll Free: 1-800-899-7675

STRENGTH IN NUMBERS

