

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

Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Wednesday, May 07, 2014

Forward contract prices opened lower this morning. US cash markets were slightly higher in trade yesterday, but packer operating margins took a hit with the significant drop seen in the pork cut-out. The primal cuts that make up the majority of the animal, including Loins, Hams, Butts and Bellies all experienced losses, losing close to 5% of their value in a single day. This volatility in meat prices has been a feature of the spring market, with choppy prices coming from a variable supply and cautious demand. Weekly pork production has ranged over the last 6 weeks from 6% lower to 1% higher (experienced last week) than year levels. Pork buyers that bought into the idea of hog supply dropping in excess of 10% will no doubt feel as though they were being deceived when they drove prices to as high as \$135/cwt about a month ago on fear of being caught short. However, for the most part futures traders are convinced that tighter supplies will materialize in the next month, as the June futures continue to hold a premium of approximately \$10/cwt over the current cash index. The Canadian Dollar continues to be a significant factor contributing to Canadian pork prices, as global investors continue to see Canada's economy lagging other developed economies in the near term.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. Analysts are suggesting that the market remains 'vulnerable', mainly for technical reasons stemming from a transition between the tight old crop and an expected healthier new crop. Recent pressure is, in part, a function of poor economic data coming out of China, increased production from S. America, rumors of imports making their way into the interior, and talk that crushers have enough supplies. Meal basis has softened recently adding pressure to the cash market in some regions.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Pressure comes from rumors that the Chinese will start selling some of its state reserves and talk that 220,000 MT of cancellations could be related to the on-going Chinese GMO issue. Support comes from strength in the wheat market and uncertainty as related to the Black Sea trade as tensions in the Ukraine remain. The USDA's WASDE report will be released Friday with the market expecting a range of 1.230-1.435 billion bu. for 2013/14 ending stocks. 2014/15 numbers average around 1.6 billion with some pushing over 2 billion bu.

| US Slaughter | |
|---|-----------------------|
| 417,000 | Tuesday |
| 415,000 | Tuesday (year ago) |
| W. Corn Belt | \$113.28 |
| National Price | \$112.41 |
| Daily Sig 3 | \$226.12 |
| Daily Sig 4 | \$217.29 |
| Thunder Creek | \$226.49 |
| 4-Month Fwd. | \$223.86 |
| B of C Ex. Rate (Noon) | |
| \$1.0890 CAD/ \$0.9182 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) | \$83.00 cwt. |

| Fixed Forward Range | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|----------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 234.97 240.47 | 236.53 244.04 | 217.82 237.23 | 201.31 209.81 | 198.15 204.67 | 172.98 181.00 | 178.50 181.00 | 170.71 170.71 | 171.22 172.22 |
| Maple Leaf Sig. #4 | | 227.64 233.63 | 229.25 236.81 | 216.84 230.89 | 197.46 211.61 | 197.03 199.94 | 173.05 183.73 | 178.09 181.69 | 170.96 171.34 | 172.32 173.10 |
| Soymeal Winnipeg Delivered | 625 | 625 | 627 | 627 | 627 | | | | | |
| Corn Wpg. Delivered | 188 | 188 | 190 | | | | | | | |

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

follow us @hamsmarketing


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

