



# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, May 21, 2014

Hog Prices: ↑ Soymeal: ↓

Corn: ↑ CDN Dollar: ↓

US Slaughter	
412,000	Tuesday
415,000	Tuesday (year ago)
W. Corn Belt	\$110.77
National Price	\$110.16
Daily Sig 3	\$221.34
Daily Sig 4	\$213.16
Thunder Creek	\$227.87
4-Month Fwd.	\$226.17
<b>B of C Ex. Rate (Noon)</b>	
\$1.0901 CAD/ \$0.9173 USD	
<b>Cash Prices Week Ending May 16, 2014</b>	
Signature 3	98.77/217.74
Signature 4	98.09/216.25
h@ms Cash	97.41/214.75
Hylife	97.06/213.97
Thunder Creek	101.33/223.40
ISO Weans	\$72.02 US Avg.
Feeder Pigs	\$126.17 US Avg.
#1 Export Sows (+500lbs)	\$73.00 cwt.

**Forward contract prices opened higher this morning.** US cash markets gained about \$2.00/cwt in most reporting regions, marking the largest 1-day gains in close to a month. Packers have had little reason to bid the cash market higher when supplies have been larger than anticipated and the price of pork has experienced counter-seasonal weakness. Traders might call yesterday 'Turnaround Tuesday' as the cash market fundamentals have made a marked improvement needed to support current futures values. However, further improvement in the cash market will need to be realized in order for the nearby contracts to hold at current values. The overnight trade saw the June and July contract gain more than \$1.00/cwt, despite the fact these contracts already hold a premium to the cash market of \$7.00 and \$14.00/cwt respectively. These premiums are the largest they have been in 20 years, reflecting a market sentiment that supplies will tighten significantly due to the impact of PED on US hog farms. Producers without price protection should consider current prices as good value given the choppy trends and uncertainty in hog supplies.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher. Support is primarily a function of technical buying amid the uncertainty regarding old crop supplies and consistent domestic and export demand. In the meantime, there is talk that interim imports are somewhat limiting the upside; beans from Brazil are expected to make landfall later in the week bringing the total to 7 shipments as of April. The other factor limiting the upside is Chinese state auctions; a second reported auction in as many weeks has sold 82% of 300,000 MT made available. Trade volatility is expected in the short term.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading in a mixed and choppy pattern. As of this writing, there is support across most contracts. However, the general consensus is for a bearish bias in the new crop trade. US farmers are expected to plant most of their intended corn acres with only some of the northern regions expected to report prevent plant acres (acres unplanted due to adverse conditions). A 163 bpa yield has been talked about as well as a carryout approaching 1.8 billion bu. for the 2014/15 crop.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		231.91 235.92	244.09 246.60	226.74 249.51	210.16 218.70	206.98 213.53	174.53 182.59	180.07 182.59	171.38 171.38	166.76 172.89
Maple Leaf Sig. #4		224.77 229.23	235.98 238.70	224.92 241.81	215.46 219.67	205.02 207.94	173.98 184.71	179.05 182.66	171.22 171.61	167.13 173.36
Soymeal Winnipeg Delivered	645	645	647	647	647					
Corn Wpg. Delivered	184	184	185							

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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

