



# Hog Margin Outlook

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Thursday, May 29, 2014

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

US Slaughter	
421,000	Wednesday
427,000	Wednesday (year ago)
W. Corn Belt	\$108.04
National Price	\$109.71
Daily Sig 3	\$215.21
Daily Sig 4	\$211.61
Thunder Creek	\$215.00
4-Month Fwd.	\$216.29
<b>B of C Ex. Rate (Noon)</b> \$1.0867 CAD/ \$0.9202 USD	
<b>Cash Prices Week Ending May 23, 2014</b>	
Signature 3	99.05/218.36
Signature 4	97.04/213.94
h@ms Cash	96.36/212.44
Hylife	96.09/211.85
Thunder Creek	98.75/217.70
ISO Weans	\$72.49 US Avg.
Feeder Pigs	\$114.56 US Avg.
#1 Export Sows (+500lbs)	n/a

**Forward contract prices opened mixed this morning.** US cash markets continue to exhibit some softness and are called steady to lower today. The combination of a bid-limiting shorter kill week, a CME lean hog index that is trending downward and the observation that pork production remains healthy despite lower slaughter numbers are factors. While the slaughter schedules may be lower, pork production does not appear to be suffering at present as a result of the higher hog weights being shipped to market. Average ISM weights were 268.7 lbs., a slight drop over the previous week but still comparatively high. ISM and National cash markets were down with WCB reporting no change in the daily base yesterday. The pork cutout value was up over Tuesday's numbers at \$113.97 but down relative to \$115.65 for the week previous. Lean hog futures are called lower following yesterday's trade that saw June, July and August contracts briefly touch limit down lows. The primary factors driving the pressure were news of a drop in pork product prices and the weakness in the cash markets. The June Canadian dollar is trading higher at ~\$0.92 USD on news of improving Canadian exports and some weakness in US gross domestic product (GDP) numbers.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading mixed. The trade remains volatile; domestic demand remains strong amid tight supplies yet the newswires have picked up on a story that 2014 world stocks are the second highest on record. Getting access to those stocks remains an issue as Argentine farmers withhold sales and port infrastructure issues, while improved over last year, generally have not been completely resolved elsewhere, especially Brazil.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading lower. Favourable US weather forecasts and planting conditions described as 'ideal' in some growing areas continue to pressure the corn market generally. While the weather has improved in the northern states, there is some rain forecast for the Dakotas, Michigan and parts of Ohio. Up to 6 million 'corn' acres are still unplanted and there is talk some farmers are already switching to soybeans or spring wheat in certain areas.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3			232.00 234.49	220.04 241.51	203.60 212.07	200.57 207.06	172.90 180.89	178.40 180.89	170.60 170.60	164.69 172.10	164.69 165.69
Maple Leaf Sig. #4			224.28 226.98	218.39 234.06	199.09 213.18	198.77 201.67	172.37 183.01	177.40 180.97	170.43 170.82	165.10 172.57	165.10 165.10
Soymeal Winnipeg Delivered	646	646	647	647	647						
Corn Wpg. Delivered	182	182	183								

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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**