

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, June 02, 2014

Forward contract prices opened mixed this morning. US

cash markets are expected to open steady to higher this morning, reflecting ideas of a change in the price trend due to tighter supplies. Last week's slaughter came in at 1.75 million, or about 6.5% lower than year ago levels, the biggest deficit from year ago levels since early April. There is evidence that hog supplies may continue to tighten further with average carcass weights dipping under 217 lbs, but this remains more than 10 lbs heavier than at this time last year. Most of the pork production companies in the US have announced reductions to their slaughter schedule, further indicating a tight supply. While Lean Hog futures moved decidedly lower last week, summer and fall month contracts maintained a premium to the cash market that is approximately 5 times larger than is typical for this time of year. This reflects a market sentiment that believes hog supplies will tighten significantly over the next two months. The Canadian Dollar is starting the week's trade down half a cent against the US Dollar, ahead of the Bank of Canada's interest rate announcement, an announcement that provides insight on Canada's economic performance moving forward.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading mixed. Decent export inspections and solid domestic crush demand last week could be enough to offset the effect that positive planting and forecast weather is having on the market. Weather has been described as near ideal in most growing areas. The market is expecting today's Crop Progress report to show between 72% and 79% complete, up from 59% last week.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading lower. As with soybeans, favourable weather is pressuring the trade. The market is expecting today's Crop Progress report (released at 4PM, Eastern) to show a planting progress near 95% complete. In addition preliminary ratings are expected to show between 70% and 75% of the crop rated good/excellent. While there is still a lot of time between now and harvest, US crop optimism is weighing on the market.

US Slaughter	
1.750 mil.	Last Week
1.873 mil.	Last Week (year ago)
W. Corn Belt	\$106.45
National Price	\$109.43
Daily Sig 3	\$212.04
Daily Sig 4	\$211.08
Thunder Creek	\$211.33
4-Month Fwd.	\$216.22
B of C Ex. Rate (Noon) \$1.0867 CAD/ \$0.9202 USD	
Cash Prices Week Ending May 30, 2014	
Signature 3	97.67/215.32
Signature 4	96.12/211.91
h@ms Cash	95.44/210.41
Hylife	95.22/209.93
Thunder Creek	98.79/217.80
ISO Weans	\$70.77 US Avg.
Feeder Pigs	\$110.37 US Avg.
#1 Export Sows (+500lbs)	n/a

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		230.10 232.61	220.15 240.52	204.63 212.14	202.16 207.18	172.49 180.52	178.01 180.52	169.88 169.88	164.65 171.39	164.65 165.66
Maple Leaf Sig. #4		222.44 225.15	218.52 233.10	199.13 213.29	198.88 201.79	171.99 182.68	177.05 180.64	169.76 170.15	165.09 171.90	165.09 165.09
Soymeal Winnipeg Delivered	650	652	652	652						
Corn Wpg. Delivered	184	185								

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