



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, June 04, 2014

Hog Prices: ↓ ↑ Soymeal: ↓

Corn: ↓ CDN Dollar: ↓

US Slaughter	
410,000	Tuesday
407,000	Tuesday (year ago)
W. Corn Belt	\$108.49
National Price	\$109.11
Daily Sig 3	\$217.06
Daily Sig 4	\$211.40
Thunder Creek	\$217.69
4-Month Fwd.	\$221.23
B of C Ex. Rate (Noon)	
\$1.0915 CAD/ \$0.9161 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)	\$70.00

Forward contract prices opened mixed this morning. US packers increased their bids slightly yesterday as hog supplies are tightening and packers resist cutting hours from their slaughter schedules. Ideally, packers would like to sway producers not currently delivering to their plant to come their way without providing an incentive for their committed producers to ship lighter animals. Last week, average carcass weights dropped by 1 lb. from the previous week, but remain about 10 lbs. heavier than year ago levels. The impact of PED on the future hog supply continues to be the primary focus of futures traders, with Lean Hog contract prices suggesting the tightest supplies may be in mid-August. Data from the American Association of Swine Veterinarians (AASV) shows that the number of positive cases peaked in early March, which would suggest that the largest impact would come a month later in September. Producers who have no price protection in the July and August time frame should consider taking action at current prices given the sizable premium to current cash prices for which these weeks are being offered.

Canadian delivered soymeal prices opened lower this morning. Consistent with the recent trend of volatility in the old crop trade, the soybean complex is trading opposite of the previous day, regaining almost all of the losses from the last session. Cited again are tight supplies, especially in the interior. In a more localized development, a major Minnesota soybean processor experienced damage due to a recent fire, limiting output for an unspecified period of time. Canadian buyers should be prepared for supported meal prices in the foreseeable future.

Canadian delivered corn prices opened lower this morning. Unlike soybeans, the positive weather outlooks and near-ideal planting conditions in major growing areas of the US have seemingly offset demand (export, ethanol and feed) for corn. Further pressuring the trade was the USDA's Crop Progress report released on Monday which showed progress at 95 % and the residual optimism of being off to a good start. Pollination starts soon and the market will be sensitive to weather developments over this time. There is talk of more Chinese state auctions on Thursday but also of sustained feed demand.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		234.43 236.95	225.54 248.61	208.95 217.50	205.86 212.41	172.71 180.77	178.25 180.77	169.80 169.80	164.96 171.31	164.96 165.97
Maple Leaf Sig. #4		226.63 229.35	223.76 240.94	204.29 218.51	203.94 206.86	172.22 182.96	177.30 180.91	169.69 170.08	165.40 171.84	165.40 165.40
Soymeal Winnipeg Delivered	645	645	646	646						
Corn Wpg. Delivered	178	178								

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Some Important h@ms Marketing Phone Numbers

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STRENGTH IN NUMBERS

