



# Hog Margin Outlook

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Thursday, June 05, 2014

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

US Slaughter	
409,000	Wednesday
405,000	Wednesday (year ago)
W. Corn Belt	\$109.37
National Price	\$109.54
Daily Sig 3	\$219.26
Daily Sig 4	\$212.65
Thunder Creek	\$220.17
4-Month Fwd.	\$221.59
<b>B of C Ex. Rate (Noon)</b>	
\$1.0937 CAD/ \$0.9143 USD	
<b>Cash Prices Week Ending May 30, 2014</b>	
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 cash markets gained some ground in yesterday's trade, but buyers remain cautious as they try to maintain profitable margins amid uncertain trends in wholesale pork markets. The pork cut-out is valued at better than \$118/cwt which is the highest level seen since late April, but still down over \$15/cwt from the record highs experienced in March. The March highs were fueled by ideas of pork shortages that would drive prices even higher, but traders have moderated their forecasts since then. However, the July and August futures continue to hold huge premiums to the cash market which is not typical for this timeframe. The premiums reflect ideas that there will be a 'hole' in production that will lead to a sharp run-up the price of pork and hogs alike. Lean Hog futures will be factoring in the latest export sales data, which showed a marginal drop in pork sales in April compared to April 2013. A drop in sales volumes was not unexpected given the record high prices of pork experienced early in that month.

**Canadian delivered soymeal prices opened even this morning.** US soybean futures are trading lower. Volatility continued in yesterday's trade, quickly turning around to close the session lower after early morning support. There are essentially two soybean markets right now: old crop; which is supported by tight supplies and the new crop which is currently seeing pressure from optimistic weather and preliminary crop outlooks. Further pressure comes from ideas that Argentina will start actively marketing soon and new import data showing 7 million bu. entered the US in April.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower following 5 straight sessions of losses for most contracts. The weather remains a bearish force although talk of excessive moisture in the WCB sparked some rumors of replanting (as well as a bit of a bounce) during yesterday's trade. This highlights the current importance of the weather on the trade amid weak technical indicators and lack of any other major news. One major weather event could completely turn the trade around but for now the market is under pressure.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		235.83	225.27	208.67	205.79	173.00	178.55	169.80	164.36	164.36
		238.34	249.20	217.22	212.34	181.07	181.07	169.80	171.31	165.36
Maple Leaf Sig. #4		227.98	223.50	204.02	203.87	172.51	177.59	169.69	164.81	164.81
		230.70	241.51	218.24	206.80	183.26	181.20	170.08	171.84	164.81
Soymeal Winnipeg Delivered	645	645	646	646						
Corn Wpg. Delivered	178	178								

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**STRENGTH IN NUMBERS**