



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, June 10, 2014

Forward contract prices opened mixed this morning. US cash markets are called steady to higher. Cash markets have shown some strength with WCB, ISM and National reporting regions all posting gains over previous day to start the week. July 5 CME lean hog index was up to \$110.98 USD/cwt., higher than the previous week; there is talk that a cash 'surge' is on the horizon. Whether or not a cash surge meets or exceeds the current August premium to cash remains to be seen. But, continued talk that PEDv related deaths are at or have surpassed 8 million animals and that a hole correlated to the spike in positive accessions (reported approximately 6 months ago) could materialize in the summer months, and perhaps into September, are supporting the futures markets. To be sure, August is trading at an ~\$17-\$18USD/cwt. premium to the cash market on uncertainty as related to supply. Despite recent strength in the Canadian dollar, there is still an opportunity for Canadian producers to take advantage of the strength in July and especially August to meet pricing goals.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Following two sessions of a downturn led by fund positioning, fundamentals have taken prominence once again. While there is talk that processors aren't necessarily driving the turnaround, solid demand and some news of new crop sales to China are supportive. Crop progress came in at 87% complete and 74% good/excellent; the market was expecting 88% and 72% respectively.

Canadian delivered corn prices opened higher this morning. US corn futures are trading lower. Yesterday's Crop Progress report showed 90% emerged with 75% in good/excellent condition. US crop remains a bearish influence but the big story yesterday was a release from China indicating they will not be issuing permits for US loads of DDGs for fear of the 'unapproved' MIR-162 GMO variety intermingling with other varieties. MIR-162 is approved in other countries and there are rumors the de-facto Chinese ban is retaliatory.

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

US Slaughter	
361,000	Monday
393,000	Monday (year ago)
W. Corn Belt	\$112.90
National Price	\$110.08
Daily Sig 3	\$225.78
Daily Sig 4	\$213.18
Thunder Creek	\$226.47
4-Month Fwd.	\$220.61
B of C Ex. Rate (Noon)	
\$1.0910 CAD/ \$0.9166 USD	
Cash Prices Week Ending June 6, 2014	
Signature 3	98.77/217.75
Signature 4	96.16/212.00
h@ms Cash	95.48/210.50
Hylife	95.45/210.44
Thunder Creek	97.39/214.70
ISO Weans	\$74.93 US Avg.
Feeder Pigs	\$110.57 US Avg.
#1 Export Sows (+500lbs)	\$70.00/cwt. tagged

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		241.87 244.37	225.47 251.79	208.93 217.45	205.85 212.38	173.77 181.80	179.29 181.80	171.29 171.29	166.52 172.80	166.52 168.03
Maple Leaf Sig. #4		233.83 236.55	223.68 244.02	204.26 218.43	203.91 206.83	173.23 183.93	178.29 181.89	171.14 171.53	166.90 173.28	166.90 167.88
Soymeal Winnipeg Delivered	635	636	636	636						
Corn Wpg. Delivered	182	182								

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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