



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
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Thursday, June 12, 2014

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

| US Slaughter | |
|---|-------------------------|
| 409,000 | Wednesday |
| 404,000 | Wednesday (year ago) |
| W. Corn Belt | \$115.45 |
| National Price | \$111.92 |
| Daily Sig 3 | \$229.97 |
| Daily Sig 4 | \$215.88 |
| Thunder Creek | \$229.73 |
| 4-Month Fwd. | \$221.67 |
| B of C Ex. Rate (Noon) | |
| \$1.0867 CAD/ \$0.9202USD | |
| 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 |

Forward contract prices opened mixed this morning. US packers experienced a setback in their operating margins yesterday, with the pork cut-out losing approximately \$1.50/cwt from levels seen earlier this week. Cash bids could see some influence from the weakness in the product values as packers attempt to protect their moderately profitable margins. The price trend remains choppy amid the uncertainty related to supply despite the market's decisive belief that we are on the verge of a sustained bullish trend. Currently, the July contract is trading at close to a \$10/cwt premium to the cash market despite scarce evidence that would support this move. The USDA adjusted its 2014 pork production estimates higher in its WASDE report yesterday, acknowledging that carcass weights have not experienced any significant decline, as is typically seen at this time of year. Producers who have not yet priced a significant portion of their summer and fall production should consider taking some protection at current prices, given that 2014 pork production continues to exceed 2013 levels.

Canadian delivered soymeal prices opened lower this morning.

There was a lacklustre response in the trade following the USDA reports yesterday. This has been attributed to the fact that no real market-moving news was put forth. The USDA did lower its 2013/14 ending stocks estimate to 125 million bu. from 130 million bu. but rumors of eminent Argentine selling, weakening interior basis and positive new crop developments have sparked talk of long liquidation selling, keeping upsides in check. Nearby support continues to be a function of tightening old stock numbers.

Canadian delivered corn prices opened even this morning.

As with soybeans, action in the corn market was limited yesterday with the WASDE report considered to be 'neutral' for the trade. Old crop ending stocks, new crop yield estimates, usage, and by default, stocks-to-use ratios all remained unchanged relative to May estimates. While yields and acreage remain unchanged, new crop pressure comes from the currently estimated 163.5 bpa that is higher than the 30-year trend line, potentially meaning a record harvest despite harvest being some two plus months away.

| Fixed Forward Range | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar |
|----------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #3 | | 239.19 241.68 | 229.63 250.11 | 213.18 221.65 | 210.04 216.53 | 177.36 185.35 | 182.85 185.35 | 175.99 175.99 | 168.51 177.49 | 168.51 170.01 |
| Maple Leaf Sig. #4 | | 231.24 233.94 | 227.09 241.82 | 207.79 221.88 | 207.36 210.26 | 176.68 187.31 | 181.71 185.28 | 175.67 176.06 | 168.81 177.80 | 168.81 169.78 |
| Soymeal Winnipeg Delivered | 616 | 618 | 618 | 618 | | | | | | |
| Corn Wpg. Delivered | 182 | 182 | | | | | | | | |

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