



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, June 13, 2014

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

US Slaughter	
411,000	Thursday
397,000	Thursday (year ago)
W. Corn Belt	\$116.44
National Price	\$112.99
Daily Sig 3	\$231.60
Daily Sig 4	\$217.63
Thunder Creek	\$231.52
4-Month Fwd.	\$226.40
B of C Ex. Rate (Noon) \$1.0851 CAD/ \$0.9215USD	
Cash Prices Week Ending June 6, 2014	
Signature 3	103.06/227.21
Signature 4	97.54/215.04
h@ms Cash	96.86/213.54
Hylife	n/a
Thunder Creek	99.61/219.60
ISO Weans	\$74.93 US Avg.
Feeder Pigs	\$110.57 US Avg.
#1 Export Sows (+500lbs)	\$70.00/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are finishing this week on a firm trend, with some regions gaining close to \$5.00/cwt over the last week. Packers are dealing with tighter live hog numbers as well as modestly lower carcass weights which continue to impact their weekly production. To this point producers have been very effective in maintaining hog weights, with recent weights contributing an additional 6% to pork production compared to year ago levels. Economics in both the packing and production sectors have provided an incentive to add the extra weight. However, it is unlikely that this would have been achieved without the death loss caused by PED, as the industry would have been constrained by feeder barn capacity. Lean Hog futures hit new contract highs yesterday in all months offered after July. Traders took the current positive cash market fundamentals as a turning point, which helped the market rationalize the huge premiums the July and August contracts are trading at to the current cash market. Prices being offered are unprecedented, with values representing a premium of more than double the next largest premium seen over the last 20 years. Producers should consider pricing a portion of their summer and fall production as there is still significant uncertainty on the supply side.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher after a counter-intuitive drop yesterday (considering fundamentals), largely due to a move by managed money liquidating their long positions on an expiry day allowing 'a roll'. In sum, the move was largely technical in nature and had little to do with tangible old crop fundamentals that have been featured so prominently in the news. The expectation is for some strength to return ahead of new crop availability, provided the funds have positioned themselves satisfactorily.

Canadian delivered corn prices opened mixed this morning. US corn futures are trading higher. Like soybeans, the corn market witnessed a technical sell off during the session. Some strength has returned amid talk the market is oversold. To be sure, the nearby contract was trading well under the benchmark \$5.00 USD/bu. and is now hovering around the \$4.50 level as of this writing. However, technical advisers are suggesting interim rallies could be selling opportunities, a sentiment supported by fundamentals that are distinctly bearish at this time.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig. #3		243.34 245.84	234.62 255.27	218.66 226.64	215.12 221.62	182.07 190.07	187.57 190.07	179.16 179.16	169.64 180.67	169.64 171.15
Maple Leaf Sig. #4		235.26 237.96	231.94 246.81	212.62 226.72	212.28 215.19	181.25 191.90	186.28 189.86	178.73 179.12	169.90 180.87	169.90 170.87
Soymeal Winnipeg Delivered	602	604	604	604						
Corn Wpg. Delivered	179	183								

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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