



# Hog Margin Outlook

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Tuesday, June 24, 2014

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

US Slaughter	
379,000	Monday
393,000	Monday (year ago)
W. Corn Belt	\$123.79
National Price	\$118.66
Daily Sig 3	\$243.49
Daily Sig 4	\$226.01
Thunder Creek	\$243.71
4-Month Fwd.	\$212.85
<b>B of C Ex. Rate (Noon)</b>	
\$1.0731 CAD/ \$0.9318USD	
<b>Cash Prices Week Ending June 20, 2014</b>	
Signature 3	106.54/234.88
Signature 4	100.66/221.91
h@ms Cash	99.98/220.41
Hylife	100.55/221.68
Thunder Creek	104.19/229.70
ISO Weans	\$76.75 US Avg.
Feeder Pigs	\$115.27 US Avg.
#1 Export Sows (+500lbs)	\$71.00/cwt. tagged

**Forward contract prices opened higher this morning.** US cash markets started the week higher, with packers following the lead of wholesale pork prices and padding their live hog bids. However, the factors at play are difficult to reconcile, as pork production continues to exceed year ago levels while prices are more than 18% higher. The latest Cold Storage figures reflect good wholesale pork movement, with May pork supplies down about 13% from year ago levels. Hog weights continue to make up for the decline in hog numbers, but most analysts believe that both variables will move lower into late July with PEDv losses expected to be greater and warmer weather slows growth rates. There have been no market signals to lure producers into shipping at lighter weights as the futures continue to offer a premium that exceeds the normal price trend for this time of year. With all of the uncertainty related to supply and its impact on prices, this Friday's release of the Hogs and Pigs report is one of the most highly anticipated in the last 10 years.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower following a 'bearish' Crop Progress report released yesterday. Interestingly, the numbers did come in lower, reflecting some immediate concerns about the effect of wet areas in the northern states. However, the good/excellent rating still came in 72%, just 1% lower than week previous and still a very good number comparatively. Despite the talk of excessive rainfall there are thoughts that the current moisture will ultimately protect against hotter, drier weather expected later this summer.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading lower. Like soybeans, thoughts of better conditions ahead and talk that the current rain will replenish drought areas and protect against dryness further out are bearish factors. The Crop Progress report showed 74% of the crop in good/excellent condition, just 2% lower than last week and only 6% off the 80% record (68% 10-year average). Demand side factors are also pressuring as no sign of the Chinese DDG ban letting up; weekly export inspections were within lower-half market expectations.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3			231.97	212.74	207.83	176.49	177.97	173.54	167.20	167.20	169.49
			249.13	223.10	216.23	188.35	184.40	173.54	175.02	168.69	172.47
Maple Leaf Sig. #4			229.60	208.02	205.85	175.31	180.10	172.64	167.09	166.90	167.20
			242.11	223.49	210.64	189.29	183.73	173.03	174.94	167.85	169.89
Soymeal Winnipeg Delivered	573	573	573	573							
Corn Wpg. Delivered	178	181									

STRENGTH IN NUMBERS



Some Important h@ms Marketing Phone Numbers

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