

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, June 26, 2014

Hog Prices: ↓ **Soymeal:** ↑

Corn: ↔ **CDN Dollar:** ↓

US Slaughter	
395,000	Wednesday
410,000	Wednesday (year ago)
W. Corn Belt	\$125.81
National Price	\$122.00
Daily Sig 3	\$247.24
Daily Sig 4	\$232.16
Thunder Creek	\$247.21
4-Month Fwd.	\$207.85
B of C Ex. Rate (Noon)	
\$1.0721 CAD/ \$0.9327USD	
Cash Prices Week Ending June 20, 2014	
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 lower this morning. US cash markets are trading close to \$8.00/cwt. higher than at this time last week, with packers willing to bid up the price for live supplies in line with the wholesale pork prices. Packers are attempting to build inventory ahead of the July 4, Independence Day long weekend in order to meet the spike in demand. In addition, any inventory gained now will likely benefit from price appreciation as supplies tighten into next month. The pork cut-out is now valued at a record high \$133.67/cwt. exceeding the high seen in early spring that was fueled by speculation of a product shortage that failed to materialize. The futures market has shown significant volatility with no decisive trend over the last 2 weeks. Many traders are exiting their spec positions, citing too much uncertainty relating to the results of tomorrow's Hogs and Pigs report. Producers who have not yet priced any of their late summer/early fall production should consider taking some protection ahead of tomorrow's report.

Summary of Hogs and Pigs Report Estimates		
	Estimate	Range
All Hogs and Pigs	97%	96.0%-98.9%
Kept for Breeding	101.6%	100.7%-102.5%
Kept for Marketing	96.6%	95.5%-98.6%

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Traders should expect volatility in the trade ahead of the USDA reports on Monday. Fundamentally, good weather and a softening demand are pressuring but there is talk that more localized US crushers are concerned about finding enough supplies to finish off the year. Excessive rain is so far limited to localized regions. The Commitments of Traders report has shown speculative trades have gone from a net long to a net short position, an event considered bearish for the trade.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. While farmers in southern Minnesota will not be looking forward to the 4 inches of rain in the 5-day forecast, like soybeans excessive moisture is not yet considered to be a widespread threat. In fact, there is talk that heat and dryness further out may be timed almost perfectly with the pollination phase for the majority of the US crop. There is talk this morning's support is a function of a bounce that followed some technical short covering yesterday.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3			227.85 244.33	208.67 219.00	203.74 212.12	171.56 183.39	173.04 179.45	167.48 167.48	163.62 168.97	163.62 165.11	165.48 168.45
Maple Leaf Sig. #4			224.83 236.89	203.31 218.74	201.11 205.89	169.95 183.89	174.72 178.35	166.21 166.40	163.05 168.52	162.86 163.82	162.73 165.42
Soymeal Winnipeg Delivered	582	582	582	582							
Corn Wpg. Delivered	178	181									

STRENGTH IN NUMBERS

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