



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, July 07, 2014

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

US Slaughter	
n/a	Last Week
n/a	Last Week (year ago)
W. Corn Belt	\$127.27
National Price	\$126.18
Daily Sig 3	\$248.19
Daily Sig 4	\$238.27
Thunder Creek	\$248.09
4-Month Fwd.	\$215.94
B of C Ex. Rate (Noon)	
\$1.0639 CAD/ \$0.9399 USD	
Cash Prices Week Ending July 4, 2014	
Signature 3	111.82/246.52
Signature 4	107.61/237.23
h@ms Cash	106.93/235.73
Hylife	107.04/235.98
Thunder Creek	111.63/246.10
ISO Weans	\$76.60 US Avg.
Feeder Pigs	\$115.83 US Avg.
#1 Export Sows (+500lbs)	\$75.00/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are expected to start the week mixed, with no trend established until at least Wednesday's trade. Packers will have an easier time meeting their slaughter schedules with last week's holiday resulting in some delayed marketings by producers. Offsetting this bearish influence is the fact that wholesale pork prices hit a new all-time record high on Thursday, with the pork carcass cut-out reported at \$134.20/cwt. Ham values have made the biggest contribution to date, with both domestic and export demand looking strong. The direction of the futures market is heavily reliant on the cash market this week, as the premium that the summer month contracts hold over the cash market is modest. All offered forward contract weeks opened higher this morning, with new highs being established for September and beyond. Producers who are looking to add certainty to their 3rd and 4th Quarter cash flow should consider setting targets \$5 -\$10/ckg higher than current forward prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower after a US long weekend that saw no trading on Friday and an early shutdown on Thursday. Fundamentals remain bearish and there was some talk last week that the USDA had potentially overstated some feed and residual usage meaning more stock on the balance sheet is possible in further revisions. A major investment bank has cut the rating for soybean futures from neutral to bearish. Weather is once again described as ideal despite some areas of the northern regions receiving excessive moisture.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. As with soybeans, the weather for corn is forecast as near ideal ahead for the pollination phase that should be taking place within 2 weeks for most of the crop. While there are some excessive moisture concerns in northern regions, US farmers have generally not been subject to the same moisture problems as their Canadian counterparts. There is talk this morning that China could have a very good production year (curbing demand) and that the Ukraine is in good shape despite unrest in the region.

Fixed Forward Range	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		242.96 250.84	223.85 234.14	218.95 227.30	187.32 199.10	188.79 195.18	180.14 180.14	176.22 181.61	176.22 177.69	179.23 182.19
Maple Leaf Sig. #4		238.88 243.19	218.00 232.80	215.25 220.01	184.63 198.51	189.38 193.00	178.42 178.80	175.20 180.70	175.20 175.96	176.04 178.71
Soymeal Winnipeg Delivered	566	566	566							
Corn Wpg. Delivered	177									

STRENGTH IN NUMBERS



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Information: 204-235-2237
paul@hamsmarketing.ca

