



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, July 14, 2014

Hog Prices: ↑ Soymeal: ↓

Corn: ↔ CDN Dollar: ↓

US Slaughter	
1.895 mil.	Last Week
2.042 mil.	Last Week (year ago)
W. Corn Belt	\$130.93
National Price	\$130.03
Daily Sig 3	\$257.27
Daily Sig 4	\$247.43
Thunder Creek	\$257.39
4-Month Fwd.	\$210.55
B of C Ex. Rate (Noon)	
\$1.0720 CAD/ \$0.9330 USD	
Cash Prices Week Ending July 11, 2014	
Signature 3	115.68/255.02
Signature 4	110.10/242.72
h@ms Cash	109.42/241.22
Hylife	109.46/241.31
Thunder Creek	112.04/247.00
ISO Weans	\$75.55 US Avg.
Feeder Pigs	\$119.13 US Avg.
#1 Export Sows (+500lbs)	\$75.50/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are expected to open slightly higher this morning after last week's choppy trade that ended slightly better than where it started. Last week's slaughter was short of most analysts' expectations, estimated at 1.859 million hogs or about 9% lower than year ago levels. When combined with the lighter carcass weights, total pork production was estimated at 4% lower than year ago levels, the biggest reduction that we have seen in so far in 2014. Lean Hog futures are expected to find support in trade this morning, with bullish influence coming from the cash market fundamentals. However, funds were active sellers in last week's trade with almost all technical indicators pointing to an overbought market. Given that pork market fundamentals and technical indicators are at odds with each other, increased volatility will likely result. Producers who have unfilled targets \$10-\$20/c/kg higher than current forward prices for the fall and winter months need not lower them, as medium term fundamentals remain strong.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher after a significant drop in base prices following Friday's WASDE report. While US new crop ending stocks were estimated lower than trade expectations, ending stocks are pegged at 415 mil. bu. (higher than July estimates and almost 3x higher than old crop); world production was estimated higher by ~520,000 mt. US old crop was also revised higher on thoughts of previous yield underestimation by the USDA. The market is currently in the midst of a corrective bounce, with some talk of short covering amid the new lows.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed. As with soybeans, there is talk of a corrective bounce this morning following the bearish WASDE report. Despite planted and harvested acreage revisions lower, all significant ending stocks and production estimates (for old and new crop) corn were revised higher. For now, yield was left unchanged at 165.3 bpa. As such, there is talk of potential further lows, should the corn crop thrive under the current 'ideal' weather that is forecast.

Fixed Forward Range	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		235.66 246.31	219.41 227.78	214.47 222.87	189.83 199.70	191.31 197.73	185.31 185.31	178.65 186.79	178.65 180.13	179.96 182.92
Maple Leaf Sig. #4		232.41 239.37	213.33 227.26	211.32 215.91	186.31 199.31	191.09 194.72	182.51 182.89	176.63 184.80	176.44 177.40	175.80 178.46
Soymeal Winnipeg Delivered	535	535	538	446	445	445				
Corn Wpg. Delivered	177									

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WINNIPEG LIVESTOCK
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