



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Tuesday, July 29, 2014

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

US Slaughter	
397,000	Monday
355,000	Monday (year ago)
W. Corn Belt	\$122.36
National Price	\$126.34
Daily Sig 3	\$242.25
Daily Sig 4	\$242.21
Thunder Creek	\$241.75
4-Month Fwd.	\$193.63
B of C Ex. Rate (Noon) \$1.0801 CAD/ \$0.9258 USD	
Cash Prices Week Ending July 25, 2014	
Signature 3	112.92/248.95
Signature 4	111.93/246.75
h@ms Cash	111.24/245.25
Hylife	110.45/243.49
Thunder Creek	116.12/256.00
ISO Weans	\$79.09 US Avg.
Feeder Pigs	\$117.97 US Avg.
#1 Export Sows (+500lbs)	\$81.50/cwt. tagged

Forward contract prices opened lower this morning. US cash markets are trading steady to lower this morning after yesterday's trade had packer bids drop by nearly \$3.00/cwt. Yesterday's hog slaughter was reported as 397,000 hogs, about 25,000 larger than last week which had packers incented to drop bids in an effort to further improve operating margins. In a typical year, this week's hog slaughter would be among the lightest of the year, however PEDv testing data suggests hog supplies may tighten even further over the next month. Lean Hog futures are not representing this market view, with August trading at approximately a \$7/cwt discount to the CME cash index and October is trading nearly \$23/cwt lower. This market valuation is at odds with the PEDv testing data, but the majority of traders have not been willing to 'buy' the market amid weaker cash bids and a decisively bearish trend over the last 2 weeks. The Canadian Dollar continues its decline against the US Dollar having lost more than a cent and a half over the last few weeks, reflecting the weaker economic factors in Canada.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. Crop conditions appear to support current optimistic yield expectations, adding pressure; warmer and wetter forecasts are also pressuring. Beans in the blooming stage are 4% above the 5-yr avg. at 76%; pod development (setting) is also 7% above the 5-yr avg. Support comes from the good/excellent condition being downgraded by 2%, decent export sales numbers and perhaps by increased talk that there is not currently enough premium built into the grains and oilseeds trade, increasingly referenced in some Ag publications.

Canadian delivered corn prices opened even this morning. Despite a 1% downgrade in the good/excellent crop condition, yesterday's Crop Progress report had a bearish tone to it. Silk and dough stages were both above 5-year averages, adding to the general expectation of good yields ahead. There is some dryer weather this week which could be supportive to the trade, but with the vast majority of the crop pollinated, the general consensus is that only a major weather event would have a market moving effect. Like soybeans, there is some concern yield estimates are too high, given the time or year, with some more than 170 bpa.

Fixed Forward Range (at opening)	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		220.13	203.72 212.17	198.74 207.22	177.11 187.08	178.60 185.09	174.35 174.35	172.91 175.84	172.91 174.41	175.30 180.30
Maple Leaf Sig. #4		218.17	198.91 212.97	196.90 201.53	174.98 188.11	180.77 183.48	172.69 173.07	171.49 174.81	171.30 172.26	171.69 176.72
Soymeal Winnipeg Delivered	547	547	547	450	446	446	446	446	440	
Corn Wpg. Delivered	157	157	170							

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

STRENGTH IN NUMBERS



Some Important h@ms Marketing Phone Numbers

Main Switchboard: 204-233-4991
 Logistics Coordinator (Crystal): 204-235-2225
 Risk Management: 204-235-2237
 Toll Free: 1-800-899-7675

