



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, August 19, 2014

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

US Slaughter	
402,000	Monday
424,000	Monday (year ago)
W. Corn Belt	\$101.76
National Price	\$110.83
Daily Sig 3	\$203.11
Daily Sig 4	\$214.22
Thunder Creek	\$202.83
4-Month Fwd.	\$171.93
B of C Ex. Rate (Noon) \$1.0889 CAD/ \$0.9184 USD	
Cash Prices Week Ending August 15, 2014	
Signature 3	100.18/220.85
Signature 4	102.88/226.80
h@ms Cash	102.20/225.30
Hylife	100.94/222.53
Thunder Creek	104.92/231.30
ISO Weans	\$61.65 US Avg.
Feeder Pigs	\$103.90 US Avg.
#1 Export Sows (+500lbs)	81.00/cwt. tagged

Forward contract prices opened higher this morning. US cash markets continue to see some pressure, following the recent trend lower. ISM and WCB reporting regions reported decreases of \$2.83 and \$3.01 USD/cwt. respectively while the National reporting region was \$2.09 lower from the previous session. The CME Lean Hog Index continues to see pressure, down \$1.72 USD/cwt. from yesterday to \$114.70 and down from \$120.99 last week. Carcass weights are off the highs seen in May and June but are still ~215 lbs., more than 10 lbs. heavier than the same time last year, somewhat making up for lower slaughter numbers relative to last year. Lean Hog futures were trading lower yesterday but have opened today's session higher. There are mixed messages in the marketplace adding to the uncertainty, a function of the choppy trade witnessed recently. Demand uncertainty and jittery traders have pushed the market lower. But technical indicators suggest an oversold market in the short term; new sellers are reluctant to enter at this time. However, the funds still hold a net long position and there are still concerns PEDv will challenge slaughter capacity soon, suggesting a corrective bounce could be on the horizon.

Canadian delivered soymeal prices opened higher this morning. The market jumped higher yesterday, a function of basis adjustments and fundamental data suggesting the old crop carryout is a little too tight. Despite talk of a large new crop, 140 million bu. in ending stocks for 2013/14 is still a very tight number and will likely be reflected in prices approaching harvest. As well, the Pro Farmer Crop Tour reported that some fields in the Midwest aren't in as good condition as first thought (Japanese beetles) despite great growing conditions.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed. The nearby contract is seeing support but the deferred contracts have turned around since yesterday and are now seeing some pressure. Yesterday's Crop Progress report showed a 1% drop in good/excellent condition but the thoughts are that the weather will likely have a greater impact on market direction than conditions moving forward. Doughing stage is reported at 70%; denting is at 22%.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		183.27 184.27	178.13 186.66	161.12 171.15	162.63 169.15	159.21 164.74	162.67 166.24	162.67 164.17	164.51 169.53
Maple Leaf Sig. #4		180.28 182.42	178.13 182.80	161.08 174.29	165.93 169.62	162.83 164.98	162.78 166.73	162.58 163.55	162.42 167.48
Soymeal Winnipeg Delivered	586	586	456	449	449	448	446	446	
Corn Winnipeg. Delivered	157	160							

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Some Important h@ms Marketing Phone Numbers

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

STRENGTH IN NUMBERS

