



Hog Margin Outlook

Meeting Your Marketing Needs

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<http://hamsmarketing.ca>

Thursday, August 21, 2014

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

US Slaughter	
401,000	Wednesday
430,000	Wednesday (year ago)
W. Corn Belt	\$96.36
National Price	\$107.46
Daily Sig 3	\$193.30
Daily Sig 4	\$208.75
Thunder Creek	\$193.51
4-Month Fwd.	\$165.17
B of C Ex. Rate (Noon) \$1.0944 CAD/ \$0.9137 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 lower this morning. US cash markets continue to show weakness. There is talk that the seasonality typically seen this time of year is playing a role especially as producers have maintained carcass weights around 215 lbs. thereby mitigating the effects of PEDv on the US pork supply. The pork cut-out continued its decent settling at \$107.25 yesterday, down \$2.41 USD/cwt on the day with bellies, hams and picnics leading the trend. ISM and WCB reporting regions averaged daily declines of \$3.00 USD/cwt. and the National posted a decrease of \$1.70/cwt. Lean hog futures closed lower across the Board yesterday, some months touching limit down over the course of the session. The market appears to be disregarding any notion of PEDv-related supply issues with traders exiting long positions. Some agricultural press has reported the futures declines are in part due to demand uncertainty from Russia and China, hopes of an eminent PEDv vaccine and thoughts of industry expansion. However, there is absolutely no confirmed proof of any vaccine efficacy or evidence of expansion in the US. In terms of demand, the Russian ban is limited to one year and there is talk China could relax import bans increasing demand for pork amid their current bout of avian flu. In summary, market behaviour is somewhat conflicting with the fundamental outlook.

Old Crop Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading mixed. The nearby contract is at its highest levels since June on tight US supplies. Local meal basis has widened \$70.00 CAD/MT in the past 3 days (latest update, +\$15 after trading yesterday) amid talk that some of the smaller interior crushers are unable to source any meal at all. Producers are encouraged to make supply arrangements with their feed partners into harvest as it is **not 'business as usual'** for many suppliers this week.

Canadian delivered corn prices opened even this morning. US corn futures bounced higher this morning after a steady stream of bearish weather news. There is much less drama in the corn trade with the only debate appearing to be yield estimates. We are reminded that the 167.4 bpa yield estimate in the last WASDE report is still the largest yield on record (surpassing 164.7 bpa in 2009) despite the market expecting 170+ bpa. Interim rallies are considered selling opportunities as 170+ bpa has not been ruled out in upcoming reports.

Fixed Forward Range (at opening)	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		175.80 176.80	170.63 179.19	154.07 164.13	155.58 162.12	153.76 159.30	159.16 160.81	159.16 160.67	160.56 165.58
Maple Leaf Sig. #4		173.06 175.20	170.89 175.56	154.27 167.52	159.14 162.84	157.58 159.73	159.40 161.48	159.20 160.18	158.59 163.65
Soymeal Winnipeg Delivered	665	665	456	444	444	442	440	440	
Corn Winnipeg. Delivered	155	158							

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Some Important h@ms Marketing Phone Numbers

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STRENGTH IN NUMBERS

