

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

Hog Margin Outlook

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Thursday, January 02, 2014

Forward contract prices opened higher this morning. US

cash prices are called steady to higher to start the New Year on thoughts that PEDv impacts coupled with a seasonal drop in production will be supportive in the near term. While the first business day of the New Year is showing prices moderately lower than Tuesday's bids across reporting regions, there is talk that further underlying support could come from heavy snow and extreme cold weather, limiting marketings and providing a positive tone to cash markets. The flip-side, of course, is that when hogs are actually delivered, weights could be higher; The ISM region reported weights up 1.7 lbs. for the week ending December 28th over the previous week and 6.5 lbs. higher than the same time last year. Lean hog futures are called steady to higher in the near term, with some suggesting a factor of support from PEDv as it works its way through the supply chain. However, deferred contracts are not immune to PEDv issues that are still relatively unknown and considered to be a wild card variable on the supply side. The Canadian dollar opened between \$0.9350 and \$0.9400 USD to start the year, providing some supportive value to currently offered forward contracts.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading lower to start the New Year. There is talk starting to surface about a potential technical sell-off as funds rebalance; the general consensus of more supply in the spring is starting to pressure traders to make their selling decisions depending on their positions. Year-end saw some additional pressure driven by profit-taking and a generally favourable weather turn around in S. America.

Canadian delivered corn prices opened even this morning. US

corn futures are trading higher after finding technical support at \$4.20½ and on thoughts that the recent lows are a good buying opportunity. Year-end headlines consistently report corn's poor performance, highlighting a 39% drop over the year. With large supplies estimated for next growing season, even amid a 'shift' in acres from corn to soybeans, consensus is for prices to be sustained at these lower levels.

US Slaughter	
364,000	Tuesday
5,000	Tuesday (year ago)
W. Corn Belt	\$77.06
National Price	\$80.11
Daily Sig 3	\$150.23
Daily Sig 4	\$151.23
Thunder Creek	\$150.03
4-Month Fwd.	\$167.44
B of C Ex. Rate (Noon) \$1.0636 CAD/\$0.9402 USD	
Cash Prices Week Ending December 27, 2013	
Signature 3	66.77 / 147.21
Signature 4	68.74 / 151.54
h@ms Cash	68.06 / 150.04
Hylife	68.09 / 150.11
Thunder Creek	67.40 / 148.60
ISO Weans	\$82.54 US Avg.
Feeder Pigs	\$92.32 US Avg.
#1 Export Sows (+500lbs)	\$57.50/cwt. tagged

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		160.14 162.09	164.42 167.82	166.67 173.00	180.21 190.93	187.52 192.39	184.81 192.14	173.43 184.17	158.60 165.62	155.67 160.56
Maple Leaf Sig. #4		158.56 160.63	162.80 166.00	162.90 169.32	176.11 185.93	182.53 187.44	180.39 187.38	174.47 180.33	156.62 169.55	156.99 158.70
Soymeal Winnipeg Delivered	558	558	558	560	561					
Corn Wpg Delivered	182	184								

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