



Hog Margin Outlook

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Monday, January 06, 2014

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

US Slaughter	
2.011 mil.	Last Week
1.972 mil.	Last Week (year ago)
W. Corn Belt	\$78.00
National Price	\$80.80
Daily Sig 3	\$151.75
Daily Sig 4	\$152.23
Thunder Creek	\$151.41
4-Month Fwd.	\$169.54
B of C Ex. Rate (Noon)	
\$1.0614 CAD/\$0.9421 USD	
Cash Prices Week Ending January 3, 2014	
Signature 3	68.39/150.78
Signature 4	68.76/151.58
h@ms Cash	68.08/150.08
Hylife	68.34/150.67
Thunder Creek	66.81/147.30
ISO Weans	\$84.09 US Avg.
Feeder Pigs	\$94.73 US Avg.
#1 Export Sows (+500lbs)	\$57.50/cwt. tagged

Forward contract prices opened mixed this morning. US cash markets are expected to trade firm this week as there are indications that packer demand is surpassing the available supply. Last week's slaughter was estimated at just over 2 million hogs, less than most anticipated even amid the holiday shortened slaughter week. Packers have embraced heavier carcass weights that cheaper feed ingredients have allowed, but in order to realize further gains in productivity, investment in plants and processes will be necessary. Nearby Lean Hog futures experienced a sharp rally late last week, but further gains will likely be limited without solid gains in the cash market. Currently, the February and April Lean Hog futures are holding a larger than average premium over the cash market, suggesting traders are optimistic about pork prices in the next 4 months. The remaining winter and spring forward contract prices represent good value when compared to the cash market as heavy carcass weights and sluggish export sales growth remain concerns.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher, supporting thoughts of an imminent bounce in the market following last week's decline. Talk regarding the sustained high prices for meal is attributed to old crop tightness and strong demand. However, better weather in S. America is generally keeping the deferred contracts in check. The WASDE report will be released on Friday, providing the marketplace with some much needed information.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Markets are expected to be particularly sensitive to weather news coming out of S. America as corn reaches the critical development stages of pollination and maturity. For now, weather remains largely favourable and as rumors of more China rejections surface, the trade is exhibiting a bearish bias. Near-term support is generally attributed to technical market signals and attempts to position ahead of mild profit taking opportunities.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		161.43 162.41	164.66 168.09	166.94 173.32	181.46 192.26	188.83 193.73	185.46 192.80	173.78 184.58	159.84 165.96	156.88 161.81
Maple Leaf Sig. #4		159.64 160.97	163.06 166.28	163.18 169.64	177.34 187.22	183.80 188.74	181.02 188.02	174.82 180.73	157.83 169.90	158.22 159.93
Soymeal Winnipeg Delivered	545	545	545	546	546					
Corn Wpg Delivered	175	178								

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WINNIPEG LIVESTOCK
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