



Hog Margin Outlook

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Wednesday, January 08, 2014

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

US Slaughter	
390,000	Tuesday
427,000	Tuesday (year ago)
W. Corn Belt	\$77.77
National Price	\$80.61
Daily Sig 3	\$153.13
Daily Sig 4	\$153.71
Thunder Creek	\$153.14
4-Month Fwd.	\$171.10
B of C Ex. Rate (Noon) \$1.0742 CAD/\$0.9309 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 higher this morning. US cash markets are coming under pressure as the cold weather starts to moderate across much of the Midwest, which is expected to trigger increased marketings in the next few days. Record high carcass weights will be even higher, increasing supply marginally. However, packers are receiving bullish signals from the wholesale pork trade as the cut-out was up more than \$2.00/cwt with the belly primal providing most of the support. Pork is competitively priced against chicken and beef at the retail level despite selling near all-time highs. Lean Hog futures are seeing support from the firm cash market fundamentals as well as from the cattle complex which has many contracts approaching contract highs. A more optimistic view of economic growth in the US has crept into the livestock futures, providing a bullish bias for the deferred contracts. The Canadian dollar is also contributing positively to forward prices, with economic pressures pushing our currency to the lowest level since May 2010.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower. Argentine weather forecasts are calling for rain and reasonable temperatures, therefore no expected crop stress. Strong demand has pushed cumulative sales past 100% of USDA estimates, providing support to the nearby contracts. However, expectations of record S. American crops and another strong showing from the US next year could add pressure if these developments materialize.

Canadian delivered corn prices opened lower this morning. US corn futures are trading higher. Unlike soybeans, critical corn growing areas in S. America have been subject to a heat wave and there are some concerns about crop stresses taking a toll on yields. More news is coming out from the Xinhua news agency that China rejections are higher than previous US estimates, limiting the upside in what is generally considered a bearish market.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		161.67 162.67	166.13 169.60	168.48 174.93	183.87 194.79	191.31 196.28	189.15 196.61	177.10 188.35	162.01 169.13	159.02 164.01
Maple Leaf Sig. #4		159.92 161.26	164.52 167.78	164.69 171.22	179.68 189.68	186.22 191.22	184.61 191.74	178.15 184.42	159.98 173.13	160.37 162.11
Soymeal Winnipeg Delivered	552	552	552	554	554					
Corn Wpg Delivered	177	182								

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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