



# Hog Margin Outlook

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Thursday, January 16, 2014

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

US Slaughter	
429,000	Wednesday
427,000	Wednesday (year ago)
W. Corn Belt	\$78.58
National Price	\$80.63
Daily Sig 3	\$157.48
Daily Sig 4	\$156.46
Thunder Creek	\$157.22
4-Month Fwd.	\$174.06
<b>B of C Ex. Rate (Noon)</b> \$1.0933 CAD/\$0.9147 USD	
<b>Cash Prices Week Ending January 10, 2014</b>	
Signature 3	69.79/153.87
Signature 4	69.87/154.03
h@ms Cash	69.19/152.53
Hylife	69.38/152.96
Thunder Creek	68.63/151.30
ISO Weans	\$84.11 US Avg.
Feeder Pigs	\$92.89 US Avg.
#1 Export Sows (+500lbs)	\$58.00/cwt. tagged

**Forward contract prices opened lower this morning.** US cash markets were near steady in trade yesterday with the daily slaughter totaling almost 430,000 hogs and near the one-day capacity of US slaughter. Most trade participants are anticipating a tapering of the hog supply, in line with normal seasonality, but this week's slaughter may be among the largest in a month as last week's extreme winter conditions delayed marketings into this week. Wholesale pork prices have held up reasonably well given that hog weights have been averaging close to 5 pounds heavier than year ago levels. Lean Hog futures remain priced at a better than average premium to the cash market, as the market accounts for lower numbers due to the PED virus outbreak. There are good pricing opportunities in the March – May period, where the cash market may come under some pressure due to a relatively abundant supply of pork. The Canadian Dollar regained most of yesterday's losses, as it experiences greater volatility since the US Federal Reserve announced it would reduce their monetary stimulus.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. Primary support comes from robust and sustained near-term demand amid relatively low ending stocks estimates. China maintains buying (registering no cancellations to date) and domestic crush demand is a record high 165.4 million bu. according to NOPA. However, many in the trade are expecting some price pressure when the S. American (followed by the US) new crop becomes available. Argentine farmers resuming selling would also pressure prices but a continually lowering peso is providing no incentive to do so.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. Despite more DDG rejections from China, there is talk that the weather in Argentina is seemingly having a greater influence on prices. Forecasts are calling for high temperatures (into the low 100's) and no rain is forecast until about the 19<sup>th</sup> to 22<sup>nd</sup>. The worry is that crop stress due to dryness and elevated temperatures will take a toll as corn in Argentina is currently in the pollination stage of development. However, world ending stocks are at a 13-year high keeping the upside in check.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		166.15 167.16	169.90 173.41	172.21 178.73	187.23 198.27	194.75 199.77	191.80 199.34	179.97 190.69	164.71 171.93	160.17 166.72
Maple Leaf Sig. #4		163.52 164.88	164.44 170.74	167.54 174.15	182.18 193.07	189.57 194.62	187.19 194.40	180.22 185.93	161.84 175.15	161.06 163.99
Soymeal Winnipeg Delivered	585	585	585	586	586					
Corn Wpg Delivered	184	190								

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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