



# Hog Margin Outlook

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Friday, January 17, 2014

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

US Slaughter	
428,000	Thursday
427,000	Thursday (year ago)
W. Corn Belt	\$78.42
National Price	\$80.44
Daily Sig 3	\$157.05
Daily Sig 4	\$155.99
Thunder Creek	\$157.08
4-Month Fwd.	\$174.86
<b>B of C Ex. Rate (Noon)</b> \$1.0926 CAD/\$0.9152 USD	
<b>Cash Prices Week Ending January 17, 2014</b>	
Signature 3	70.67/155.79
Signature 4	71.13/156.81
h@ms Cash	70.45/155.31
Hylife	n/a
Thunder Creek	69.85/154.00
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 packers seem content to keep their bids near steady, matching their production schedules to the ample supply of live hogs. The pork cut-out gained almost \$3.00/cwt over the week, improving packer profitability. Both cash and futures prices for pork are feeding off of the record high beef prices that have been experienced over the last two weeks. With the pork cut-out trading at \$86.14/cwt, well under half the value of the beef cut-out, more retailers are making the rational choice to 'feature' the meat with the highest margin. Summer month Lean Hog futures rallied in part due to the influence of higher Live Cattle futures, with the July and August Lean Hog futures hitting contract highs in trade yesterday. The Canadian Dollar continues to trade near US\$0.91 as bearish trader sentiment has the Loonie down close to 7 percent compared to levels seen 1 year ago. Spring and Summer month forward prices represent good value in the context of market fundamentals, but technical indicators on both hog and currency markets suggest further upside potential.

CME trading will be suspended on Monday, January 20 to honour Martin Luther King Jr. Day in the US. The h@ms Marketing Services' office will be open, but forward contracting activity will be likewise suspended on Monday, January 20.

Normal business operations will resume Tuesday, January 21.

**Canadian delivered soymeal prices opened higher this morning.** Low trading volumes and light profit taking activity is expected ahead of the Martin Luther King Jr. Day long weekend in the US (Monday). There is talk of decent S. American weather forecasts in critical growing areas further adding pressure. However, there is a general consensus that the US is simply crushing too many beans, supporting the complex amid some talk of sustained prices into March.

**Canadian delivered corn prices opened even this morning.** Despite forecasts calling for lower temperatures and rain, there is talk that the recent heat and dryness in S. American growing regions could stress crops and influence production outlooks lower, adding support. Nonetheless, the fundamental global corn supply outlook remains biased toward a bear market and Chinese cancellations are also adding pressure. There is talk that traders are taking profits on technical indicators in the interim.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		166.11 167.12	170.80 174.33	173.18 179.74	188.32 179.74	195.89 200.93	192.89 200.48	180.66 191.52	165.36 172.57	160.80 167.38
Maple Leaf Sig. #4		163.49 164.85	168.33 171.64	168.48 175.13	183.24 194.18	190.67 195.75	188.26 195.51	180.92 186.73	162.48 175.83	161.70 164.64
Soymeal Winnipeg Delivered	580	580	580	581	581					
Corn Wpg Delivered	184	190								

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

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