



# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, January 29, 2014

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

US Slaughter	
407,000	Tuesday
415,000	Tuesday (year ago)
W. Corn Belt	\$80.21
National Price	\$82.01
Daily Sig 3	\$163.90
Daily Sig 4	\$162.27
Thunder Creek	\$164.37
4-Month Fwd.	\$185.89
<b>B of C Ex. Rate (Noon)</b>	
\$1.1148 CAD/\$0.8970 USD	
<b>Cash Prices Week Ending January 24, 2014</b>	
Signature 3	72.13/159.02
Signature 4	71.56/157.77
h@ms Cash	70.88/156.27
Hylife	71.11/156.77
Thunder Creek	70.81/156.10
ISO Weans	\$85.16 US Avg.
Feeder Pigs	\$98.58 US Avg.
#1 Export Sows (+500lbs)	\$49.50

**Forward contract prices opened higher this morning.** US cash markets are trading higher as supplies have tightened in the short term, reflected by yesterday's daily slaughter of only 407,000 hogs, 23,000 fewer than last Tuesday. The cash market may find support over the remaining days of this week as buyers are behind last week's pace of hogs scheduled for delivery, and strong operating margins are an incentive to maintain current production hours. Lean Hog futures continue to hold a massive premium to the current cash market, revealing the bullish market bias. In fact, the April contract is trading at 3 times higher the average premium for this time of year, and recall last year's cash price trend was sharply lower, losing about US\$14/cwt over the months of February and March. The market has worked the impact of PED virus and strong domestic demand into its prices, but there is still a great deal of uncertainty related to these factors. The Canadian dollar continues to trade at or near its lowest level in 4 ½ years, with the prospect of Canada's economic growth lagging that of the US.

**Canadian delivered soybean prices opened lower this morning.** US soybean futures are trading lower on news of improvements in Argentine crop development and increasing harvest activity in Brazil. While some drier weather in Brazil growing areas is forecast (curbing some yield estimates), the dryness is expected to speed up harvesting, potentially getting beans to markets quicker. Overall, the market is bearish for S. American soybeans with the USDA representative in Brazil revising production estimates 500,000MT upward.

**Canadian delivered corn prices higher even this morning.** US corn futures are trading lower. There is talk that the recent cold snap in the US is limiting sales simply due to the fact that delivery can be challenging amid the cold temperatures. But, as the temperatures warm up, increased selling is expected to resume and add pressure. However, with recent sales to Spain and Egypt, there are rumors that the US may be able to pick up typical Ukraine trades, adding support.

Fixed Forward Range	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			177.38 180.96	179.83 186.49	194.01 205.28	201.69 206.82	198.63 206.32	183.43 197.09	166.50 175.22	163.14 169.82
Maple Leaf Sig. #4			174.74 178.11	174.93 181.68	188.76 199.88	196.31 201.46	195.62 201.19	183.70 192.14	164.85 178.53	164.05 167.04
Soymeal Winnipeg Delivered	584	584	584	585	585					
Corn Wpg Delivered	185	191								

This information is intended to aid producers in making pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

Location	h@ms District Meeting Schedule	Time
Days Inn, Swift Current, SK	Wednesday, March 5, 2014	10:00AM - lunch to follow
Sandman Hotel, Saskatoon, SK	Wednesday, March 5, 2014	4:00PM - dinner to follow
Headingley Community Hall, Hdly, MB	Wednesday, March 12, 2014	2:00PM - dinner to follow
Smitty's, Steinbach, MB	Friday, March 14, 2014	12:00PM - lunch served
Starbuck Community Hall, Stbck, MB	Thursday March 20, 2014	2:00PM - dinner to follow