



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, February 07, 2014

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

US Slaughter	
423,000	Thursday
422,000	Thursday (year ago)
W. Corn Belt	\$82.09
National Price	\$83.89
Daily Sig 3	\$166.51
Daily Sig 4	\$164.79
Thunder Creek	\$167.29
4-Month Fwd.	\$187.77
B of C Ex. Rate (Noon)	
\$1.1066 CAD/\$0.9036 USD	
Cash Prices Week Ending February 7, 2014	
Signature 3	75.55/166.56
Signature 4	74.23/163.65
h@ms Cash	73.55/162.15
Hylife	n/a
Thunder Creek	74.48/164.20
ISO Weans	\$83.10 US Avg.
Feeder Pigs	\$101.32 US Avg.
#1 Export Sows (+500lbs)	\$56.50

Forward contract prices opened mixed this morning. US cash markets are finishing the week with gains of approximately \$2.00/cwt as packers attempt to maintain their current production schedule by increasing cash bids. Live hog numbers continue to be quite variable compared to year ago levels, but when combined with the additional weight that producers have added to the animals, total pork production has been running approximately 3% higher than year ago levels for the last 2 months. Lean Hog futures continue to carry a large premium over the current cash market as traders account for the impact of PED virus on hog supply that could be 2%-4% smaller than year ago levels. On the demand side, the market appears to have a bullish bias as well, given record high beef prices, and talk that Russia may resume buying North American pork. Russia will be short of its own domestic needs after announcing it will not be purchasing pork from the European Union, after animals infected with African Swine Fever were found in Lithuania. The Canadian Dollar is trading sharply higher this morning responding to the Statistics Canada report showing 30,000 jobs created in January, exceeding most analysts' expectations.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower on news that yield estimates from Brazil are higher than anticipated and a favourable weather forecast despite some dryness. As well, even though the first USDA planting report is over a month and a half away, there are thoughts circulating that the US is poised for record plantings. Bullish factors include continued strong demand, no Chinese cancellations, little to no Argentine farmer selling and infrastructure issues that have not been conclusively resolved in Brazil.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower despite generally bullish fundamental indicators. Reported export sales were higher than expectations at 1.7 MMT pushing cumulative sales to 91% (65.3% 5-year average); USDA estimates Argentine production 1.2MMT lower than current estimates and there are thoughts that ending stocks will be lowered to 1.616 billion from 1.631 billion bu. in Monday's WASDE report. However, some Chinese cancellations and thoughts of increasing competition from the Black Sea region are adding pressure.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		176.72 180.26	179.12 185.70	193.19 207.37	203.82 208.89	202.55 210.16	188.08 202.25	171.34 179.96	166.77 174.38	149.07 157.19
Maple Leaf Sig. #4		174.26 177.39	174.24 180.90	187.96 201.89	198.36 203.46	197.52 204.89	188.12 197.13	168.86 182.82	167.29 171.03	153.50 160.57
Soymeal Winnipeg Delivered	593	593	585	585	579	580				
Corn Wpg Delivered	189	195								

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