



# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, February 14, 2014

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

**Forward contract prices opened higher this morning.** US packers increased their cash bids sharply yesterday as they had difficulty meeting production schedules, as reflected by USDA's reported daily slaughter of only 382,000 hogs. The Iowa/S. Minnesota region reported close to a \$2.00/cwt increase as packers shared some of their positive operating margin to secure more supplies. Packers have been experiencing a tightening of supply, in line with the typical seasonal trend. Lean Hog futures are starting the last day of the week with higher prices as traders factor in the late-week gains experienced in the cash market. All of the 2014 Lean Hog futures contracts are trading at or near contract highs, reflecting the dominant bullish fundamentals of tight hog supplies, high prices of competing meats and improving export sales potential. Producers with less than 30% of their summer month production already covered should consider adding targets at \$5.00/kg price increments in blocks of 10% of their production. In other news, **Manitoba's Chief Veterinary Office reported that positive samples of PEDv were found from pigs on a wean to finish farm in Southeast Manitoba. The samples have been sent to the National Centre for Foreign Animal Disease for confirmation.**

A reminder: the h@ms Marketing Services forward contracting department and general office will be closed Monday the 17th for Louis Riel Day in Manitoba.

**Canadian delivered soymeal prices opened even this morning.** US soybean futures are trading higher on sustained demand. It was expected that the market was poised to turn lower following Chinese cancellations that started with 272,000MT on Wednesday. However, even that number was lower than expected and new crop sales numbers have added support. Rain in Brazil is aiding crop development but hindering harvest and supporting the nearby contracts. The USDA's preliminary planting projection is for 78 million acres this year, lower than market expectations.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. The downside has been limited by strength in other agricultural commodities and a revision downward by the Argentina Grains Exchange to the Argentine crop by 500,000 lower than USDA estimates. However pressure comes from 8 straight weeks of Chinese cancellations (due to the GMO dispute) and a USDA projection that shows 2014/15 ending stocks to be 2.607 billion bu. (1.481 billion bu. currently); the US is estimated to plant 93.5 million acres.

US Slaughter	
382,000	Thursday
416,000	Thursday (year ago)
W. Corn Belt	\$85.20
National Price	\$85.63
Daily Sig 3	\$171.48
Daily Sig 4	\$166.89
Thunder Creek	\$171.55
4-Month Fwd.	\$191.86
<b>B of C Ex. Rate (Noon)</b> \$1.0980 CAD/\$0.9107 USD	
<b>Cash Prices Week Ending February 14, 2014</b>	
Signature 3	76.34/168.31
Signature 4	75.37/166.17
h@ms Cash	74.69/164.67
Hylife	74.92/165.16
Thunder Creek	75.80/167.10
ISO Weans	\$84.73 US Avg.
Feeder Pigs	\$103.07 US Avg.
#1 Export Sows (+500lbs)	\$56.00

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		179.12 181.64	181.54 188.09	193.74 207.87	204.34 209.38	203.08 209.65	190.99 202.07	175.32 182.91	169.88 177.46	152.48 160.57
Maple Leaf Sig. #4		175.99 179.11	175.99 183.41	188.10 202.37	198.85 203.37	197.74 204.93	189.94 196.66	170.95 184.85	169.30 173.22	156.18 163.23
Soymeal Winnipeg Delivered	593	593	588	588	582	584				
Corn Wpg Delivered	182	184								

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