



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, February 21, 2014

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

Forward contract prices opened higher this morning. US cash markets traded higher again yesterday with the two regions reporting gains of more than \$2.00/cwt. Packers continue to be aggressive bidders, unwilling to go short on their production schedules due to the positive operating margins and the higher trending pork values. The pork cut-out was calculated at \$97.68/cwt yesterday, sharply higher than values seen earlier this week and hitting the highest level since early October. Lean Hog futures continue to see influence from the higher cash market, with all of the 2014 contracts moving into new highs again this morning. Futures are benefiting from bullish supply and demand fundamentals, with the expectation of tighter hog supplies ahead, good domestic demand (due to high priced beef) and stronger export markets. Producers should consider adding summer month price protection in increments of 10% of their production on gains of \$3-\$4/kg up to a maximum of 60% of their expected production.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower, a function of news coming out of the USDA's Agricultural Outlook Forum projecting that new crop ending stocks will come in at 285 million bu. Some technical indicators and a slowing domestic and Chinese crush are also adding pressure. While the general consensus is that farmers will plant a lot of soybeans this season, anything below 80 million acres is considered supportive. Currently, the USDA is calling for 79.5 million, compared to the 80-83 million market expectations.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower, predominantly on news from the Agriculture Outlook Forum as very little fundamental or technical news has been moving the market lately. The USDA has projected ending stocks at 2.111 billion bu. from 92.0 million acres planted and a usage estimate that was lower than expected. As well, there is talk that planted acres could ultimately be higher in the final analysis as there were many unplanted acres last year, due to the spring flooding.

US Slaughter	
423,000	Thursday
402,000	Thursday (year ago)
W. Corn Belt	\$92.41
National Price	\$89.21
Daily Sig 3	\$188.09
Daily Sig 4	\$175.83
Thunder Creek	\$188.66
4-Month Fwd.	\$201.71
B of C Ex. Rate (Noon)	
\$1.1104 CAD/\$0.9005 USD	
Cash Prices Week Ending February 21, 2014	
Signature 3	81.92/180.61
Signature 4	77.76/171.43
h@ms Cash	77.08/169.93
Hylife	n/a
Thunder Creek	77.52/170.90
ISO Weans	\$83.10 US Avg.
Feeder Pigs	\$104.95 US Avg.
#1 Export Sows (+500lbs)	\$59.00

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			189.36 196.01	201.14 215.48	211.89 217.01	210.56 217.22	198.91 210.35	182.00 190.71	177.72 185.68	159.76 167.99	167.47 167.99
Maple Leaf Sig. #4			183.56 191.10	195.27 209.75	206.18 211.34	204.99 211.74	197.68 204.69	178.43 192.52	177.21 181.20	159.98 170.54	164.76 168.35
Soymeal Wpg Delivered	599	599	594	594	588	589					
Corn Wpg Del.	194	196									

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