



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, February 27, 2014

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

US Slaughter	
428,000	Wednesday
416,000	Wednesday (year ago)
W. Corn Belt	\$96.59
National Price	\$93.29
Daily Sig 3	\$196.83
Daily Sig 4	\$184.09
Thunder Creek	\$197.10
4-Month Fwd.	\$205.16
B of C Ex. Rate (Noon) \$1.1117CAD/\$0.8985USD	
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	78.81/171.54
Thunder Creek	77.52/170.90
ISO Weans	\$82.31 US Avg.
Feeder Pigs	\$108.26 US Avg.
#1 Export Sows (+500lbs)	\$63.25

Forward contract prices opened mixed this morning. US cash markets moved sharply higher in trade yesterday, driven by packers competing for a limited supply. However, the gains in the cash market are not being matched by an increase in pork product values, resulting in squeezed operating margins for packers. Further gains in the cash market will be more difficult to achieve as packers may not want to bid the market higher without the expectation of maintaining profitability. Last year, cash prices eroded by about \$15/cwt over the months of February and March, while this year prices are up by more than \$10/cwt half way through this period. Traders of the April Lean Hog futures continue to match the gains in the cash market, maintaining the larger than average premium that the contract holds over the cash index price. All spring and summer month forward contracts moved sharply higher in overnight trade, taking us to new contract highs. Current forward prices represent good value, given that the impact of PED has yet to be established.

Canadian delivered soymeal prices opened higher this morning. The trade is running at a five-month high primarily on news of harvest delays in Brazil and on continued strength from export demand. Adding support is no news, or even rumors, of Chinese cancellations that are typical at this time of year as well as up to 11MMT in production held by Argentine farmers reluctant to sell. As well, there is now talk that bottlenecks at Brazil's ports could be exacerbated as a result of the harvest delays.

Canadian delivered corn prices opened higher this morning. US corn futures are trading mixed. An export sales report was released from the USDA (8:30AM Eastern) but it is not yet publicly available as of this writing. Nearby support has been a function of increased export demand in areas that have traditionally been Ukraine customers, but there is talk that deliveries are getting through. Demand from ethanol producers remains strong using 95 million bu. of corn; ethanol production was 0.22% higher than last week and 11.45% higher than last year.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3			198.93 202.52	203.44 217.77	214.19 219.31	212.67 219.85	199.13 213.65	182.20 190.92	178.05 185.76	158.57 166.80	166.28 166.80
Maple Leaf Sig. #4			191.85 196.81	197.50 211.98	208.41 213.56	206.53 214.28	197.89 207.79	178.43 192.73	177.09 181.08	158.43 169.19	163.21 166.80
Soymeal Wpg Delivered	619	619	616	616	616	617	617	617			
Corn Wpg Del.		186	188								

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