



Hog Margin Outlook

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Thursday, March 06, 2014

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

Forward contract prices opened mixed this morning. US cash markets continue to move higher, albeit with slower gains than seen last week. Daily hog slaughter improved from earlier in the week, with yesterday's total coming in at 423,000 hogs, only slightly lower than last week or last year. With the pork cut-out still providing positive margins for packers, trading just shy of \$110/cwt, there are still strong incentives for packers to aggressively seek out live supplies. Lean Hog futures are trading in a more typical range to start the morning, after limit moves seen in all summer month contracts for the last 3 days. The market is struggling to work in the impact of PED on summer prices, with traders suggesting a 'hole' in marketings representing anywhere from 3%-10% of last year's supplies. Lean Hog futures made new all-time highs in the late spring and summer months, with the June contract just shy of \$120/cwt earlier this morning. The fall and winter month contracts have not experienced the same support, as some traders speculate that the impact of PED will be diminished by that point.

Canadian delivered soymeal prices opened higher this morning. News of confirmed Chinese cancellations sent the complex downward yesterday with talk that the announced 240,000 MT cancellation is just the beginning of more to come. However, the market is expecting as much as a 25 million bu. increase to exports in next week's WASDE report as well as decreases in Argentine (500,000 MT) and Brazilian (2 MMT) production estimates, limiting the downside.

Canadian delivered corn prices opened even this morning. Continued tensions in the Ukraine has been providing support to the US corn market as uncertainty remains in the region influencing further uncertainty in the marketplace. Preliminary estimates have new crop plantings between 91 and 93 million acres, but with some estimates as high as a 97 million acre planting intention. The USDA's first planting report will be released at the end of this Month on the 31st.

US Slaughter	
423,000	Wednesday
429,000	Wednesday (year ago)
W. Corn Belt	\$102.66
National Price	\$99.98
Daily Sig 3	\$207.95
Daily Sig 4	\$196.12
Thunder Creek	\$208.74
4-Month Fwd.	\$ 218.23
B of C Ex. Rate (Noon)	
\$1.1051 CAD/ \$0.9048 USD	
Cash Prices Week Ending February 28, 2014	
Signature 3	87.89/193.77
Signature 4	82.58/182.05
h@ms Cash	81.90/180.55
Hylife	82.81/182.57
Thunder Creek	83.33/183.70
ISO Weans	\$85.79 US Avg.
Feeder Pigs	\$110.24 US Avg.
#1 Export Sows (+500lbs)	\$67.50

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		212.89	218.99	228.56	225.46	202.36	185.71	182.56	155.17	160.73
		213.90	230.07	234.60	233.02	225.60	194.29	189.13	163.26	163.26
Maple Leaf Sig. #4		204.01	211.58	219.96	217.64	200.94	181.40	180.80	155.06	159.75
		205.18	224.06	225.81	225.26	218.56	195.66	183.93	165.63	163.38
Soymeal Winnipeg Delivered	589	588	588	588	590	590	590			
Corn Winnipeg Delivered	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