



# Hog Margin Outlook

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Thursday, March 13, 2014

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

**Forward contract prices opened mixed this morning.** US cash markets moved sharply higher in trade yesterday, gaining more than \$2.50/cwt in all regions that reported prices. Packers continue to chase hogs and bid up the cash market as operating margins remain firmly supported by pork product values. The pork cut-out is trading better than \$120/cwt, an all-time high for the benchmark value with broad support from all of the primal cuts. Lean Hog futures are simply trying to keep pace with the cash market, as the levels that we are currently trading at in the summer month contracts are already unprecedented. Analysts' estimates of the size of the hole caused by PED virus vary widely, from as little as 3% to as much as 20% of summer month production. The USDA's Hogs and Pigs report to be released on March 28 should be helpful in getting an objective estimate of the coming supply, which will make the report the most anticipated in more than 10 years. The Canadian Dollar is trading higher this morning, with the market working in the uncertainty related to a Quebec election that currently has the separatist Parti Quebecois party ahead in the polls.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher on thoughts that traders are positioning ahead of the USDA's export sales report this morning. Pressure comes from reports that 10 shiploads of Brazil origin have been cancelled by China with rumors of delays or outright cancellations of up to 30 more and expected US cancellations looming. In China, crush margins remain poor, there are reports of backlogs at ports and the economy is expected to show some relative weakness in a report released later today.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading mixed. Fundamental indicators today reflect a bullish bias in the short to medium term on good export demand, cuts to production estimates in Brazil and some logistical rail issues in the US. On the other hand, ethanol demand has softened this week, ending stocks are relatively high and feed usage is expected to decrease. Amidst this, remains the Ukraine situation which has added a level of uncertainty in the markets as the world's 3<sup>d</sup> largest corn exporter.

US Slaughter	
416,000	Wednesday
429,000	Wednesday (year ago)
W. Corn Belt	\$112.55
National Price	\$107.07
Daily Sig 3	\$229.66
Daily Sig 4	\$211.55
Thunder Creek	\$229.45
4-Month Fwd.	\$ 231.13
<b>B of C Ex. Rate (Noon)</b> \$1.1132CAD/ \$0.8983 USD	
<b>Cash Prices Week Ending March 7, 2014</b>	
Signature 3	94.46/208.25
Signature 4	87.76/193.47
h@ms Cash	87.08/191.97
Hylife	88.29/194.65
Thunder Creek	89.49/197.30
ISO Weans	\$88.87 US Avg.
Feeder Pigs	\$114.03 US Avg.
#1 Export Sows (+500lbs)	\$71.50

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		223.95	235.43	245.05	239.10	210.48	193.74	190.55	161.58	167.17
		224.96	246.57	251.12	246.71	237.53	202.37	197.16	169.71	169.71
Maple Leaf Sig. #4		214.32	226.51	235.14	230.06	208.44	188.79	188.16	160.89	165.62
		215.49	239.06	241.22	237.72	229.73	203.14	191.31	171.53	169.85
Soymeal Winnipeg Delivered	570	580	580	580	582	582	582			
Corn Winnipeg Delivered	183	186								

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## h@ms District Meeting Schedule

Location	Date	Time
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