



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, March 14, 2014

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

Forward contract prices opened higher this morning. US cash markets are trading higher again this morning, capping off another remarkable week of price gains by any measure. The pork cut-out continues to support packer margins and therefore packer bids, with all primal cuts contributing to the gains this week. From a historical context, packers are paying significantly more than what you could attribute to the current reduction in market hog supply, but all market participants have changed their behaviour in anticipation of a larger hole in marketings. Nearby Lean Hog futures continued their unprecedented rally with gains capped at the \$3.00/cwt limit in trade yesterday, with additional gains already seen this morning. These contracts are already trading at close to a 40% premium to levels seen last year, and are maintaining a 10% - 20% premium over the already inflated cash market. Producers considering adding price protection in the summer months should view current prices as good value as there is still significant uncertainty in the magnitude of supply reductions.

Canadian delivered soymeal prices opened higher this morning. Bean sales came in at the lower end of market expectations yesterday yet the downside for the complex remains limited observing cumulative soybean sales are at 106.3% of USDA estimates (89.5% 5-yr average). Despite strong exports, pressure comes from preliminary private expectations that US farmers will plant a record 83.2 million acres, eminent Chinese cancellations as supplies backlog at ports and the general expectation that a relatively poor Chinese economic outlook will weigh down commodities.

Canadian delivered corn prices opened even this morning. As with soybeans, corn exports came in at the lower end of expectations amid technical profit taking throughout yesterday's trade. There is talk that the feed and residual use estimate has been overestimated potentially providing underlying support. Preliminary private planting estimates indicate 92.3 million acres could be planted, down from the 95.4 million last year as US farmers 'switch' acres to higher valued soybeans. USDA surveys will be filled out in the next couple weeks for the first planting report released March 31.

US Slaughter	
406,000	Thursday
424,000	Thursday (year ago)
W. Corn Belt	\$113.67
National Price	\$108.28
Daily Sig 3	\$230.38
Daily Sig 4	\$212.52
Thunder Creek	\$229.60
4-Month Fwd.	\$234.49
B of C Ex. Rate (Noon) \$1.1057CAD/ \$0.9044 USD	
Cash Prices Week Ending March 14, 2014	
Signature 3	101.73/224.27
Signature 4	94.24/207.76
h@ms Cash	93.56/206.26
Hylife	n/a
Thunder Creek	95.89/211.40
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		228.83	238.52	248.17	242.39	210.79	194.00	191.03	163.46	169.08
		229.85	249.70	254.27	250.02	240.72	202.65	197.67	171.63	171.63
Maple Leaf Sig. #4		219.04	229.50	238.16	233.24	208.76	189.04	188.64	162.74	167.49
		220.22	242.09	244.26	240.93	232.81	203.43	191.81	173.42	171.74
Soymeal Winnipeg Delivered	575	585	585	585	587	587	587			
Corn Winnipeg Delivered	183	186								

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h@ms District Meeting Schedule

Location	Date	Time
Smitty's, Steinbach, MB	TODAY! Friday, March 14, 2014	12:00PM - lunch served
Starbuck Community Hall, Stbck, MB	Thursday March 20, 2014	2:00PM - dinner to follow