



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

# Hog Margin Outlook

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Tuesday, April 01, 2014

**Forward contract prices opened higher this morning.** US cash markets are trading lower again this morning, with packers pulling back on their bids in an effort to make an improvement to their operating margins. The pork cut-out remains firm despite all of the bearish talk following the Hogs and Pigs report, trading more than \$1.00 higher yesterday at \$132.58/cwt. All of the primal cuts are trading over the \$100/cwt mark, reflecting the widespread tightness of supplies and demand from consumers that has not fully reacted to the record high prices. Lean Hog futures are trading about \$1.50/cwt higher in all of the 2014 contracts this morning, effectively rejecting the results of the Hogs and Pigs report. There are significant inconsistencies between this report and previous ones, leading some analysts to discount the USDA results. The market will likely continue to see significant volatility until the market gets a better handle on hog supplies through slaughter data over the next few months. While it is possible that the market can return to the record high prices experienced just last week, producers without price protection should not take these gains for granted given the uncertainty in supply that remains.

**Canadian delivered soymeal prices opened even this morning.** Yesterday's USDA reports provided a supportive function, especially for the old crop trade where ending stocks are tight and demand remains strong. Pressure is looming, however, for the new US crop as planting intentions showed 81.5 million acres (81 mil. average estimates; last year, 76.5 mil.). Traders are calling for a bearish deferred trade and also for the weather to factor heavily on new crop price movements as yield estimates become closely watched.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher following the USDA reports that showed March stocks at 7.01 billion bu. that, while up 30% from year-ago levels fell ~90 million bu. short of market expectations. As well, planting intentions are estimated to be 91.7 million acres for the US new crop compared to market expectations of around 92.7 million, supporting the notion that US farmers intend to shift some acreage to soybeans adding a supportive tone to the trade overall.

US Slaughter	
401,000	Last Week
292,000	Last Week (year ago)
W. Corn Belt	\$127.58
National Price	\$127.09
Daily Sig 3	\$258.48
Daily Sig 4	\$249.34
Thunder Creek	\$258.75
4-Month Fwd.	\$239.12
<b>B of C Ex. Rate (Noon)</b> \$1.1053 CAD/ \$0.9047 USD	
<b>Cash Prices Week Ending March 28, 2014</b>	
Signature 3	118.33/260.88
Signature 4	110.31/243.19
h@ms Cash	109.63/241.69
Hylife	110.72/244.10
Thunder Creek	114.22/251.80
ISO Weans	\$88.73 US Avg.
Feeder Pigs	\$127.69 US Avg.
#1 Export Sows (+500lbs)	\$86.00

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		240.65	250.29	244.67	221.69	204.92	201.77	168.16	173.76
		251.81	256.38	252.29	245.01	213.56	208.39	176.30	176.30
Maple Leaf Sig. #4		231.57	240.02	235.45	219.90	200.21	199.62	167.67	172.80
		244.14	246.11	243.13	236.57	214.58	202.78	178.52	176.45
Soymeal Winnipeg Delivered	631	631	631	634	634	634			
Corn Winnipeg Delivered	191	195	195						

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