



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, April 02, 2014

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

US Slaughter	
415,000	Tuesday
426,000	Tuesday (year ago)
W. Corn Belt	\$129.22
National Price	\$127.88
Daily Sig 3	\$261.19
Daily Sig 4	\$250.30
Thunder Creek	\$261.57
4-Month Fwd.	\$236.54
B of C Ex. Rate (Noon) \$1.1027 CAD/ \$0.9068 USD	
Cash Prices Week Ending March 28, 2014	
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

Forward contract prices opened lower this morning. US cash markets are trading higher, with packers finding enough market ready animals for a daily slaughter of 415,000 hogs yesterday. The CME Lean Hog Index price hit another all-time high of \$129.87/cwt with packer bids showing few signs of weakness. With the pork cut-out holding its value at nearly \$133/cwt, estimated packer operating margins are near breakeven levels. Support for the primal cuts has come from all sides, processors, domestic retailers and export buyers continue to drive prices higher in response to the tighter inventory. However, after last week's Hogs and Pigs report, futures traders are more cautious with the premium that they place on the summer months. In fact, the June contract is trading at a slight discount to the April, an inversion of the normal pricing relationship that is typical of this time of year and never experienced in the last 15 years. The Commitment of Traders report shows that this unique pricing circumstance is not lost on speculators, as the net long position of all speculators is record large.

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading higher. The USDA reported March 1 stocks at 992.3 million bu., the lowest at this time since 2004 along with the lowest on-farm storage percentage relative to total supplies since the late 1970s. Adding support is the fact that there have still been no significant cancellations from China and a further expectation that USDA's carryout numbers will be revised lower. Mild pressure comes from increase planting acreage estimates.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. The market is resisting what appears to be substantial pressure on the supply side. Delayed plantings due to cold weather, field work delays due to wet weather a decrease in planted acreage relative to last year and technical buying are supportive. However, increased producer selling, weakening bids and news that grains are still moving out of the Ukraine are adding pressure.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		238.33 249.48	247.96 254.04	242.41 250.02	221.09 241.19	204.34 212.97	201.28 207.90	168.11 176.25	173.70 176.25
Maple Leaf Sig. #4		229.32 241.88	237.76 243.85	233.27 240.94	219.31 232.88	199.65 214.00	199.15 202.31	167.62 178.46	172.74 176.39
Soymeal Winnipeg Delivered	632	632	632	634	634	634			
Corn Winnipeg Delivered	191	195	195						

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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