



Hog Margin Outlook

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Friday, April 11, 2014

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

US Slaughter	
407,000	Thursday
399,000	Thursday (year ago)
W. Corn Belt	\$120.01
National Price	\$125.28
Daily Sig 3	\$240.04
Daily Sig 4	\$242.66
Thunder Creek	\$239.68
4-Month Fwd.	\$224.43
B of C Ex. Rate (Noon)	
\$1.0912 CAD/ \$0.9164 USD	
Cash Prices Week Ending April 11, 2014	
Signature 3	112.02/246.95
Signature 4	111.43/245.65
h@ms Cash	110.75/244.15
Hylife	n/a
Thunder Creek	116.85/257.60
ISO Weans	\$91.41 US Avg.
Feeder Pigs	\$139.14 US Avg.
#1 Export Sows (+500lbs)	\$91.50 cwt.

Forward contract prices opened higher this morning. US cash markets dropped sharply in trade yesterday, losing more than \$3.00/cwt in most reporting regions. Since Smithfield temporarily eliminated its Friday slaughter hours at its Tar Heel, NC plant, the weekly cash trend has had a bias to finishing the week's trade on lower note. Pork product values experienced weakness over the last 7 days, losing more than \$9.00/cwt or about 7% in value as meat buyers have their Easter holiday supplies already in hand. Lean Hog futures are starting this morning's trade lower as the cash market influence remains negative. Summer month contracts continue to trade a discount to current cash prices, a price relationship that is the opposite that is typical at this time of year. Seasonal factors which typically result in tighter supplies and higher prices over the next two months are taking a back seat to current cash market fundamentals due to the impacts of PED virus. In addition, there are ideas of a significant sell-off of the fund long position that has contributed to the sharp break in prices that will be confirmed or denied by this afternoon's release of the Commitment of Traders report.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. While this turnaround is not expected to last, there is talk of a brief market correction on news of 10 defaults of loads destined for China and rumors of up to 25 more (net result ~1.5MMT). As well there is talk S. American production is ramping up despite persistent infrastructure issues in Brazil and a one day strike in Argentina. According to the last WASDE report, the US will import a record 65 MMT of beans for 2013/14 on thoughts of relieving some of the tightness in supply.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower on news the Brazilian government has upgraded production estimates from 75.1 to 75.5 MMT, weakness in soybeans and wheat, and confidence in current planting intentions. While it is true US farmers are waiting for soil temps to rise above 50°F and the forecast rain will prevent some fieldwork, US farmers have been known to plant impressive amounts of corn in a very short time if they have to. The general consensus is that current delays are far from critically affecting supply estimates.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		229.64 237.19	233.66 239.20	227.10 234.66	207.99 227.84	191.35 199.92	187.87 194.42	161.51 169.58	167.06 169.58
Maple Leaf Sig. #4		224.23 230.46	226.37 232.41	220.69 228.31	207.36 222.20	187.84 202.09	186.90 190.03	161.97 172.71	167.05 170.66
Soymeal Winnipeg Delivered	616	622	622	623	623	623			
Corn Winnipeg Delivered	186	188	188						

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