



Hog Margin Outlook

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Wednesday, April 16, 2014

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

US Slaughter	
415,000	Tuesday
422,000	Tuesday (year ago)
W. Corn Belt	\$117.36
National Price	\$121.92
Daily Sig 3	\$236.22
Daily Sig 4	\$237.63
Thunder Creek	\$236.10
4-Month Fwd.	\$228.42
B of C Ex. Rate (Noon)	
\$1.0981 CAD/ \$0.9106 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	109.90/242.28
Thunder Creek	116.85/257.60
ISO Weans	\$86.34 US Avg.
Feeder Pigs	\$135.40 US Avg.
#1 Export Sows (+500lbs)	\$94.00 cwt.

Forward contract prices opened lower this morning. US cash markets lost value in trade yesterday, with packers finding live hog supplies easier to source than was anticipated. The daily slaughter has averaged close to 415,000 hogs recently, with the exception of Friday when Smithfield shuts down slaughter operations at its Tar Heel, North Carolina facility. The Monday-Thursday slaughter levels have benefitted from additional plants reducing their slaughter schedule this Friday in observance of Good Friday. Current slaughter levels are unsustainable over the next month, regardless of the impact of PED, due to seasonally tighter supplies relating to poor conception rates in the hottest periods of last summer. Lean Hog futures appear to have found support at current levels, with traders' content to react to cash market fundamentals as opposed to lead the market trend. The June futures is trading on par with the cash index, while it normally is valued at a 12% premium at this time of year. The Canadian Dollar is trading near US\$0.91 this morning, with support possibly coming from today's policy statement from the Bank of Canada.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Strength in the soybean complex continues, buoyed by fresh NOPA data yesterday showing the monthly crush at 153.8 million bu.; the average trade estimate was 146.1 million bu. with estimates ranging between 140 and 153 million bu. Traders are now wondering at what level soybeans need to reach in order to 'ration' US supplies amid strong domestic and export demands. However, there is some talk of increasing imports from S. America, particularly from Brazil.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Despite fundamental indicators that could be considered supportive, the corn trade maintains a bearish tone. Decent demand, escalating Ukraine tensions, a lagging crop progress and cold weather that is still pushing deep into critical growing regions are supportive factors. However, relatively large ending stocks estimates for both old and new crops and the fact that US farmers have been known to plant large amounts of corn in a relatively small timeframe (40% in one week last year) is so far offsetting supply side issues.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		233.10 240.68	237.14 242.70	231.95 239.53	208.48 231.50	191.79 200.39	188.23 194.80	161.99 170.08	167.55 170.08
Maple Leaf Sig. #4		227.78 234.04	230.13 236.19	225.78 233.42	208.84 226.33	189.25 203.55	188.44 191.38	163.43 174.20	168.52 172.14
Soymeal Winnipeg Delivered	634	640	640	642	642	642			
Corn Winnipeg Delivered	186	188	188						

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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