



Hog Margin Outlook

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Wednesday, April 23, 2014

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

US Slaughter	
411,000	Tuesday
427,000	Tuesday (year ago)
W. Corn Belt	\$115.13
National Price	\$115.98
Daily Sig 3	\$232.69
Daily Sig 4	\$226.98
Thunder Creek	\$233.58
4-Month Fwd.	\$230.44
B of C Ex. Rate (Noon) \$1.1026 CAD/ \$0.9069 USD	
Cash Prices Week Ending April 18, 2014	
Signature 3	106.85/235.56
Signature 4	107.87/237.80
h@ms Cash	107.18/236.30
Hylife	106.43/234.63
Thunder Creek	110.72/244.10
ISO Weans	\$80.70 US Avg.
Feeder Pigs	\$136.88 US Avg.
#1 Export Sows (+500lbs)	\$91.75 cwt.

Forward contract prices opened higher this morning. Cash markets traded near steady yesterday, influenced by packers who are trying to maintain their daily production schedule for another week, despite some Easter Monday reductions. However, estimated operating margins are being pinched by weaker wholesale pork prices with the cut-out dropping another \$2.00/cwt in trade yesterday. The USDA released its latest Cold Storage report yesterday that showed supplies of pork at the end of March down 12% from February and about 11% from year ago levels. The draw down in inventory was expected given the sharp reduction in hog slaughter over the month and reflects the unique market conditions experienced over the last two months when compared to the average draw down of 1.3% from February to March. As a result of this new information and the weakness in cash market fundamentals, June Lean Hog futures are trading lower this morning. The most active contract is maintaining a \$4.00/cwt premium over the cash index as traders are still optimistic prices will need to move higher to reflect a further tightening of the hog supply.

Canadian delivered soymeal prices opened lower this morning. Uncertainty regarding developments in China is pressuring the nearby contracts this morning. This is not the previous cancellations that many analysts were wondering about earlier; rather, weak economic performance, talk of early state soybean auctions (adding up to 3 MMT to supply overall) and crushers who are unable to secure credit are all weighing on the market. As well, more bearish news from S. American production forecasts as the Rosario Exchange raised estimates 200,000 MT on expectations of better yields.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. Support comes from strong demand (on word of good ethanol margins and strong exports) and some talk that farmers have little time (or incentive at these lower prices) to actively market the corn in the bins with fieldwork and planting to attend to. Pressure comes from better weather outlooks across most growing regions in the US and a general expectation that planting will catch up to 5-year averages in the next while amid the decent weather.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		240.70 245.77	242.22 247.79	240.01 246.10	212.79 236.96	196.03 204.66	192.86 199.47	164.87 173.01	170.47 173.01
Maple Leaf Sig. #4		237.21 241.13	235.05 241.13	232.12 239.79	213.04 231.63	193.37 207.73	192.97 195.92	166.26 177.10	171.38 175.03
Soymeal Winnipeg Delivered	628	631	631	632	632	632			
Corn Winnipeg Delivered	189	189							

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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