



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, May 12, 2014

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

US Slaughter	
2.016 mil.	Last Week
2.084 mil.	Last Week (year ago)
W. Corn Belt	\$108.20
National Price	\$112.84
Daily Sig 3	\$216.18
Daily Sig 4	\$218.31
Thunder Creek	\$215.84
4-Month Fwd.	\$221.79
B of C Ex. Rate (Noon) \$1.0900 CAD/ \$0.9174 USD	
Cash Prices Week Ending May 09, 2014	
Signature 3	102.25/225.42
Signature 4	98.92/218.09
h@ms Cash	98.24/216.59
Hylife	98.12/216.32
Thunder Creek	102.01/224.90
ISO Weans	\$78.75 US Avg.
Feeder Pigs	\$126.42 US Avg.
#1 Export Sows (+500lbs)	\$83.00 cwt.

Forward contract prices opened mixed this morning. US cash markets are called steady to higher this morning after Friday's sell-off in the Midwestern regions. Bids fell by more than \$3.00/cwt in two of the USDA's reporting regions after packers had an easier time sourcing the live supplies than was anticipated. Last week's slaughter was estimated at 3% smaller than the same week one year ago, while carcass weights are still averaging more than 215 lbs, completely offsetting the reduction in hog numbers. Estimated pork production came in 1.1% larger than year ago levels, making it difficult for traders to rationalize the 30% premium that the pork cut-out holds to year ago values. It is this fact that is weighing heavy on the futures market from a fundamental analysis standpoint, and is thought to have fuelled the technical sell-off over the last two weeks. Most analysts have pushed back their forecast for summer highs into July or even August believing that the cash market will not be able to rally close to \$10/cwt over the next month to meet current values being offered for the June contract. The Canadian Dollar is starting the week slightly higher, recovering some of the value it lost on Friday after Statistics Canada released its most recent employment data showing 29,000 fewer jobs for Canadians than the previous month.

Canadian delivered soymeal prices opened higher this morning. Projections for a record soybean harvest by the USDA have influenced a bearish tone to the market. Friday's WASDE report suggests that 3.78 billion bushels could be harvested for the 2014/15 crop year buoyed by highs in planting and yield estimates and assuming normal weather patterns. Ending stocks were pegged at 330 million (over 2x 2013/14) pushing the stocks to use ratio to 9.6% (10% is considered to increase the likelihood of pressure on prices). Old crop carryout estimates were supportive but there is enough other bearish news to add pressure.

Canadian delivered corn prices opened even this morning. Like soybeans, Friday's WASDE report was considered bearish for the new crop trade. Assuming normal planting schedules and weather patterns, 91.7 million acres are expected to be planted with harvested acres coming in at 84.3 million and a yield of 165.3 bu./acre. Ending stocks were pegged higher than average estimates at 1.726 billion bu. Traders will look for more nearby pressure if today's Crop Progress report reflects the 40% increase in planting suggested last week. Large numbers are expected as farmers ramp up and try to beat the weather.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #3		230.45 234.44	238.74 246.24	217.64 237.88	201.13 209.63	198.04 204.56	171.58 179.60	177.10 179.60	171.02 171.02	171.52 172.53
Maple Leaf Sig. #4		223.35 227.80	231.38 238.94	216.66 231.52	197.29 211.43	196.92 199.83	171.69 182.36	176.74 180.33	171.26 171.65	172.62 173.40
Soymeal Winnipeg Delivered	626	626	628	628	628					
Corn Wpg. Delivered	188	188	190							

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Some Important h@ms Marketing Phone Numbers

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STRENGTH IN NUMBERS

