



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, June 19, 2014

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

US Slaughter	
370,000	Wednesday
407,000	Wednesday (year ago)
W. Corn Belt	\$118.97
National Price	\$116.28
Daily Sig 3	\$237.04
Daily Sig 4	\$224.36
Thunder Creek	\$236.89
4-Month Fwd.	\$218.88
B of C Ex. Rate (Noon) \$1.0870 CAD/ \$0.9199 USD	
Cash Prices Week Ending June 13, 2014	
Signature 3	103.06/227.21
Signature 4	97.54/215.04
h@ms Cash	96.86/213.54
Hylife	97.37/214.67
Thunder Creek	99.61/219.60
ISO Weans	\$74.18 US Avg.
Feeder Pigs	\$112.23 US Avg.
#1 Export Sows (+500lbs)	\$77.00/cwt. tagged

Forward contract prices opened higher this morning. US cash markets gained about \$1.00/cwt in most regions yesterday, with packers willing to bid up the market in order to secure this week's slaughter. The market is higher despite news of Smithfield's Tar Heel plant being down yesterday and likely until the end of the week on an apparent ammonia leak in their cooling systems. With daily slaughter at this plant estimated at 34,000 hogs, 120,000 hogs could be 'up for grabs' as other plants will attempt to capitalize on this week's surplus, by temporarily expanding their slaughter schedule. Unrelated to this news, all offered futures contracts are up over \$2.00/cwt this morning, on speculation that another surge PED cases could occur, discounting news of the USDA's approval of Harris Vaccines' PED vaccine. With all of the uncertainty in supply related to PED, producers should have a plan for protecting the record setting prices that are currently being offered in the late summer/early fall timeframe. Producers without protection should consider pricing 25% of their estimated production at current prices and setting targets at \$5.00/kg increments to capitalize on any further upside.

Canadian delivered soymeal prices opened mixed this morning. There is talk the supportive risk premium was prematurely 'removed' resulting in the most recent pressure; a reminder that the weather is always a risk this early in the season. New data suggests up to 7-8 inches of rain in parts of the northern Midwest has already accumulated with more forecast. There are some localized concerns around lost acreage due to pooling. Nonetheless, the market is looking for another 1-3 million planted this week meaning the outlook is still bearish for the US soybean crop. Interior meal supply tightness remains a concern.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Fundamentally there are some supportive news items coming from new ethanol data and some weather concerns. There is evidence ethanol stocks were drawn down 3.1% indicating robust demand; production of the fuel was up 11.3% over last year. Corn is approaching pollination in the US and there is talk that the wetness in the northern Midwest is untimely. There is also talk of slow farmer selling and that corn is oversold technically adding to the supportive tone this morning.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		244.10 245.59	230.92 249.01	211.53 221.97	206.42 214.88	176.34 188.29	177.83 184.31	173.02 173.02	166.65 174.52	166.65 168.15	168.49
Maple Leaf Sig. #4		236.19 238.69	228.62 242.00	206.86 222.46	204.52 209.34	175.20 189.28	180.98 183.68	172.20 172.59	166.61 174.53	166.42 167.39	167.22
Soymeal Winnipeg Delivered	585	584	584	584							
Corn Wpg. Delivered	179	183									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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