Hog Margin Outlook

Meeting Your Marketing Needs

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h@ms MARKETING SERVICES

Monday, November 10, 2014

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

US Slaughter	
2.232 mil.	Last Week
2.286 mil.	Last Week (year ago)
W. Corn Belt	$87.39
National Price	$87.64
Daily Sig 3	$181.97
Daily Sig 4	$176.72
Thunder Creek	$181.11
4-Month Fwd.	$174.30

B of C Ex. Rate (Noon)
$1.1360 CAD/ $0.8803 USD

Cash Prices Week Ending November 07, 2014	
Signature 3	178.63/81.03
Signature 4	179.42/81.38
h@ms Cash	177.92/80.70
Hylife	176.73/80.16
Thunder Creek	178.40/80.92
ISO Weans	$67.99 US Avg.
Feeder Pigs	$81.33 US Avg.
#1 Export Sows (+500lbs)	$68.50 cwt. Tagged

Forward contract prices opened mixed this morning. *US cash markets are expected to open steady to lower compared with last week's bids, reflecting the more ample live supplies and stable wholesale pork prices. Weekly pork production is expected to climb over year ago levels either this week or next in spite of the tight hog numbers, as heavy carcass weights make up the deficit. While cash prices remain higher than year ago levels, the premium has narrowed to just $2.00/cwt over last year. Demand factors in the market remain positive, with the US economy adding more than 200,000 jobs in October and competing meats providing little in the way of inexpensive alternatives. However, the latest data from the USDA suggests that chicken production will ramp up early in 2015, as chick placements were reportedly 4% higher than year ago levels. Lean Hog futures are starting the day narrowly mixed with the nearby contract finding some support. The Canadian Dollar is trading about 50 points higher than 5 year lows, resulting in close to a $10/hog premium over year ago levels.*

h@ms 2014 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Starbuck	Thurs. Nov. 13 @ 2:00p	Starbuck Community Hall - 25 Main Street

Canadian delivered soymeal prices opened higher this morning. *US soybean futures are trading higher ahead of the many reports from the USDA today. November WASDE is usually relatively benign, but today, there is no real agreement on the influence of the report observing the wide range of pre-report estimates. End-users could see significant support if the USDA estimates come in lower amid current logistics issues.*

Summary of Pre-WASDE Report Estimates

	Measure	Avg Est	Range
Soybeans	Yield (bpa)	47.6	46.8-48.7
	'15 Ending Stock	442 mil	403-513
Corn	Yield (bpa)	175.2	171.4-178.6
	'15 Ending Stock	2.135bn	1.850-2.282 bn

Source, ThompsonReuters, USDA

Canadian delivered corn prices opened higher this morning. *As with soybeans, US corn futures are seeing some early morning support ahead of the USDA reports. US corn could become bearish again observing higher end increased estimates over last month's WASDE and a harvest that is expected to be all but essentially caught up this week. But, support comes from quality issues, strength in soybeans, short covering heading into a day off on Tuesday and lack of consensus ahead of USDA reports.*

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		169.74 175.98	169.13 174.86	171.84 176.42	173.40 177.04	178.01 181.14	182.35 189.66	187.57 193.83	187.29 193.04	176.51 183.83
Maple Leaf Sig. #4		173.13 176.95	168.12 174.57	171.95 175.58	171.95 175.78	175.81 178.04	179.31 187.60	185.78 190.83	186.83 191.29	177.61 182.48
Soymeal Winnipeg Delivered	530	530	520	505	499					
Corn Wpg, Delivered	166									