



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, November 14, 2014

Forward contract prices opened higher this morning. US cash markets made marginal gains over the week with tighter than expected hog supplies providing the incentive for packers to increase their bids. The pork cut-out gained more than \$2.00/cwt over the course of the week, providing packers with a cushion in their operating margins. Pork Belly prices continue to be a drag on the cut-out, compared to last year, trading close to 25% lower than year ago levels, while ham values have been an offsetting positive factor, running about 10% higher. Lean Hog futures are all trading at a premium to the cash market, more in line with normal seasonality, but the summer month contracts hold half the premium over the cash market that they normally would at this time of year. Traders following the latest spread of PEDv were anticipating the latest update from the American Association of Swine Veterinarians yesterday, but there has been no update yet. The combination of the highest Lean Hog futures values in five months and near the lowest Canadian Dollar in five years has forward contract prices for 2015 trading at the highest levels seen so far.

Canadian delivered soymeal prices opened lower this morning. US soybeans are trading lower amid talk that a 'major top' has been reached. Some ag publications have suggested that meal demand is rationing somewhat; however, local basis remains strong as interior processors compete for beans that have been choked off logistically. Argentine beans remain relatively cheaper in export markets, but financial uncertainty is incenting farmers to wait on selling as long as possible as contracts are settled in USD. The decent S. American weather that is forecast should help with planting.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower mostly on technical indicators and thoughts of profit taking heading into the weekend. March corn, for example, is hovering around a key support and the market is trading at its highest level overall since July. Supply estimates remain bearish but decent ethanol demand, an expectation that colder weather will influence more feed usage and strength from the wheat market is viewed as supportive in the short term.

US Slaughter	
432,000	Thursday
434,000	Thursday (year ago)
W. Corn Belt	\$86.50
National Price	\$87.67
Daily Sig 3	\$179.96
Daily Sig 4	\$176.62
Thunder Creek	\$179.81
4-Month Fwd.	\$180.90
B of C Ex. Rate (Noon)	
\$1.1350 CAD/ \$0.8811 USD	
Cash Prices Week Ending November 15, 2014	
Signature 3	180.14/81.71
Signature 4	176.15/79.90
h@ms Cash	174.65/79.22
Hylife	n/a
Thunder Creek	179.80/81.56
ISO Weans	\$67.99 US Avg.
Feeder Pigs	\$81.33 US Avg.
#1 Export Sows (+500lbs) \$67.00 cwt. Tagged	

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		175.67 181.90	176.07 181.79	177.94 183.35	179.50 183.14	184.52 187.66	186.72 194.04	191.95 198.22	191.20 196.97	180.98 188.33
Maple Leaf Sig. #4		179.06 181.88	174.02 180.48	177.05 181.48	177.05 180.88	181.32 183.55	182.74 191.04	189.22 194.28	189.83 194.30	181.15 186.03
Soymeal Winnipeg Delivered	520	517	500	483	483	477				
Corn Wpg, Delivered	166									

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