



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

Hog Margin Outlook

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Wednesday, November 26, 2014

Forward contract prices opened lower this morning. US cash markets closed higher yesterday with ISM and WCB reporting regions both posting gains of approximately \$0.65 USD/cwt. Sustained strength, however, is generally uncertain; on the one hand, the big Thanksgiving demand is already sourced by now, but on the other, the cold storage report was at its lowest level in years. As well, daily pork cut-out values are now following more of a seasonal trend-line (hams and bellies leading lower), although the composite is marginally higher than the last 5 years on record and hovering around \$92.00 USD/cwt suggesting packers are remaining profitable by about \$5.00 USD/cwt. Lean hog futures continue to show relative volatility, opening higher but turning around mid-day to close lower on all posted contracts. Nearby contracts were the most volatile showing an approximate \$2¼ USD 'swing' for December, February and April. Producers seeking price certainty are encouraged to review current offerings, as current forward prices represent fair value considering relatively uncertain supply/demand dynamics.

US Slaughter	
434,000	Tuesday
435,000	Tuesday (year ago)
W. Corn Belt	\$87.25
National Price	\$88.03
Daily Sig 3	\$180.10
Daily Sig 4	\$175.96
Thunder Creek	\$179.76
4-Month Fwd.	\$179.57
B of C Ex. Rate (Noon)	
\$1.1261 CAD/ \$0.8880 USD	
Cash Prices Week Ending November 22, 2014	
Signature 3	179.67/81.50
Signature 4	176.52/80.07
h@ms Cash	175.02/79.39
Hylife	175.26/79.50
Thunder Creek	179.30/81.33
ISO Weans	\$68.13 US Avg.
Feeder Pigs	\$83.24 US Avg.
#1 Export Sows (+500lbs)	\$66.00 cwt. Tagged

h@ms' Forward Contracting Program will be closed Thursday, November 27 and closed one hour early on Friday, November 28 due to the US Thanksgiving holiday. Normal business operations will resume Monday, December 1.

Canadian delivered soymeal prices opened higher this morning. Strength in the trade is accepted to be in part attributable to US Thanksgiving as traders are rumored to be preparing positions (and potentially take profits) amid the recent bounce. Decent S. American weather, US production estimates, and thoughts that logistics issues are loosening up remain bearish influences. There is also talk that US demand slows down between now and the New Year, although the complex typically exhibits strength near Christmas time.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. As with soybeans, there is talk that the recent rally is a profit taking opportunity amid supply fundamentals that are generally considered bearish. Exports remain meagre, coming in lower than expectations this week and posting 18.7% of the forecast compared to a 21.7% 5-year average. However, quality issues continue to be discussed in the trade; decent ethanol demand and cold weather for the remaining crop are also supportive.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3			169.50 175.19	173.84 176.74	175.39 179.01	179.93 183.04	188.22 195.47	193.40 199.62	192.57 198.28	178.20 189.25	161.60 169.90
Maple Leaf Sig. #4			166.84 173.25	172.25 174.25	172.25 176.05	176.25 178.46	183.57 191.80	189.99 195.01	190.50 194.92	179.70 186.28	163.02 176.09
Soymeal Winnipeg Delivered	528	524	501	479	479						
Corn Wpg, Delivered	166										

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