



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, November 28, 2014

Forward contract prices opened mixed this morning. US cash markets were closed yesterday due to the US Thanksgiving holiday. Anticipating one less kill day, slaughter numbers were comparatively higher in the first three days this week as packers 'pull-forward'. Monday-Wednesday numbers were almost identical to year ago levels while week previous was ~3% lower than last year. Prices are following more along the lines of a seasonal trend, although reporting regions are mixed; ISM and WCB is lower while National is higher by \$0.20 USD/cwt. Lean Hog futures have opened lower. There is talk of a 'long liquidation' looming as analysts anticipate the smallest decline in pork production from Q4 2014 to Q1 2015 in almost 20 years. There is increasing talk that PEDv is better managed in the US than last year (new cases from the AASV have yet to be reported still for last week as of this writing) and if so, the medium term is generally facing a bearish trend. However, forward contracts are retaining good value, helped along by a further weakening of the Canadian dollar, following news yesterday that the OPEC states will not reduce production of crude, pressuring the global price and subsequently viewed to be a negative factor on Canadian GDP.

**Markets are closed one hour early Friday, November 28 (today).
There will be no Forward Contracting after 11:30 AM, Central.
Normal business operations will resume Monday, December 1.**

Canadian delivered soymeal prices opened higher this morning. There is talk that logistics problems in the US are starting to let up, although no relief has been seen for local soymeal prices. There have been rumors of beans also entering the US from the eastern seaboard from atypical suppliers but this new 'supply' appears limited in scope and is also not much help in replenishing domestic pipelines. A late planting season in Brazil is cited as reason for the most recent downgrades to that country's production estimates.

Canadian delivered corn prices opened even this morning. Technical signals remain negative and it is thought that corn could have even more downward potential amid meagre exports and poor demand for the US variant in general, but the trade appears not to agree where that bottom is. The recent announcement by OPEC that crude production will not be curbed is viewed as bearish on ethanol. Quality issues, decent ethanol demand (for now) and expectations of increased demand are keeping the downside in check.

US Slaughter	
431,000	Wednesday
435,000	Wednesday (year ago)
W. Corn Belt	\$86.05
National Price	\$88.24
Daily Sig 3	\$178.76
Daily Sig 4	\$177.50
Thunder Creek	\$179.66
4-Month Fwd.	\$178.20
B of C Ex. Rate (Noon) \$1.1333 CAD/ \$0.8823 USD	
Cash Prices Week Ending November 29, 2014	
Signature 3	178.81/81.11
Signature 4	176.07/79.86
h@ms Cash	174.57/79.18
Hylife	n/a
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

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3			170.76 176.54	175.54 178.12	177.11 180.79	181.19 184.34	189.13 196.48	194.38 200.68	190.97 196.68	177.42 188.27	160.81 169.11
Maple Leaf Sig. #4			168.11 174.62	173.95 175.64	173.95 177.82	177.49 179.73	184.47 192.81	190.98 196.06	188.95 193.37	178.94 185.33	162.26 175.32
Soymeal Winnipeg Delivered	555	550	517	495	495						
Corn Wpg, Delivered	166										

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