



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, December 08, 2014

**Forward contract prices opened lower this morning.** US cash markets are expected to start the week steady to slightly lower, with cash bids reflecting the weaker pork product values experienced on Friday. Last week's hog slaughter came in close to 3.5% short of slaughter levels last year, which reflects a tighter supply than most analysts had anticipated at this time. When combined with hog carcass weights that are still close to 3 pounds heavier than year ago levels, weekly pork production continues to run at a deficit to levels experienced last year. Lean Hog futures continue to see influence from the weaker cash market trend, with tighter than anticipated pork production failing to produce support in the nearby contracts. With funds holding a large long position of close to 86,000 contracts, the market is at risk of a selloff in the event that these speculators start to exit their positions. The Canadian Dollar is experiencing more weakness after job losses were reported on Friday, and energy prices continue to push into new lows; some analysts predict oil prices could drop to less than \$50/barrel.

**Canadian delivered soymeal prices opened higher this morning.** Technical patterns started to reverse last week amid news that demand for US beans gained strength in export markets. China remains the wildcard importing 47% more beans than last month. As well domestic demand is decent although shipping problems continue to be the largest challenge for end users as prices have been inflated by an inability to source product in a timely fashion as well as high shipping rates. Local meal customers are reminded to factor on-going logistics issues in their purchase plans and to expect delays.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. There is talk suggesting that the global corn could actually be tightening despite record US production numbers, supporting futures prices. South American production numbers, while high, have been consistently revised downward due to late planting and there is further talk the safinha (second) crop in Brazil will be suffering losses. As with soybeans, technical signals reversed Friday; support from last week is continuing into this morning's trade. The WASDE report will be released Wednesday, December 10.

US Slaughter	
2.236 mil.	Last Week
2.317 mil.	Last Week (year ago)
W. Corn Belt	\$85.57
National Price	\$87.79
Daily Sig 3	\$179.17
Daily Sig 4	\$177.99
Thunder Creek	\$179.10
4-Month Fwd.	\$172.66
<b>B of C Ex. Rate (Noon)</b>	
\$1.1423 CAD/ \$0.8754 USD	
<b>Cash Prices Week Ending December 06, 2014</b>	
Signature 3	179.02/81.20
Signature 4	177.74/80.62
h@ms Cash	176.24/79.94
Hylife	176.15/79.90
Thunder Creek	179.20/81.28
ISO Weans	\$74.77 US Avg.
Feeder Pigs	\$87.60 US Avg.
#1 Export Sows (+500lbs)	\$64.00 cwt. Tagged

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		167.09 168.67	165.30 170.25	166.88 170.56	171.56 174.73	179.58 186.96	184.85 191.18	184.24 190.02	177.34 183.61	160.50 168.92	162.05
Maple Leaf Sig. #4		163.74 167.00	164.05 168.02	164.05 167.92	168.18 170.42	175.22 183.60	181.76 186.87	182.48 186.97	178.00 180.85	160.21 175.29	161.08
Soymeal Winnipeg Delivered	549	507	491	491	485						
Corn Wpg, Delivered	166										

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