



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, December 17, 2014

Forward contract prices opened lower this morning. US cash markets found support in trade yesterday with profitable packer margins providing an incentive for some packers to increase their bids to source additional supplies. However, wholesale pork markets were not whistling the same tune and the pork carcass cut-out dropped more than \$4.00/cwt yesterday. The belly and picnic primal cuts experienced price decreases of 10% - 15% in yesterday's trade, shaking the confidence of traders that pork prices would find support near current levels. The lack of confidence has transferred into the Lean Hog pit this morning, with most contracts touching limit down when trading opened at 9:00am CST. With funds recently exiting their long positions, there has been relatively few traders willing to buy into this market. The cattle market has also been a bearish influence on hogs, with 4 consecutive days of limit down moves in the feeder cattle contracts. If Lean Hog futures find some support today, producers should consider pricing a portion of their 2015 production at current prices, in order to mitigate the significant price uncertainty.

Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 3:00 PM	Dec. 24 (Wed.)	8:30AM – 12 noon
Closed	Dec. 25 & 26 (Thurs. & Fri.)	Closed
8:00AM – 3:00 PM	Dec. 31 (Wed.)	8:30AM – 12 noon
Closed	Jan. 1 (Thurs.)	Closed

Canadian delivered soymeal prices opened lower this morning. Despite the recent strength, the trade maintains a bearish outlook in the medium to long term although sustained pressure on the complex is not expected until US transportation problems start to clear up. There have been no major developments on the logistics backlog, but it is expected that low energy prices will curb demand for rail resources allowing grains more shipping access. 'Fine spring' weather is reported for most of S. America maintaining relatively high expectations for crop production despite some recent downgrades.

Canadian delivered corn prices opened even this morning. Pressure in energy markets and commodities are weighing on the trade as the market repositions itself. However, the trade has had a supportive tone noting decreases in ending stocks (but still quite high), some stronger sales (although export inspections have been lacklustre) and news that China could remove the ban on US corn and DDGs. As well, there is evidence from a December 10 USDA report showing US prices have come more into line with world prices, suggesting demand could pick up; there is further talk the Ukraine is struggling to meet export obligations.

US Slaughter	
430,000	Tuesday
435,000	Tuesday (year ago)
W. Corn Belt	\$80.67
National Price	\$85.94
Daily Sig 3	\$171.90
Daily Sig 4	\$177.33
Thunder Creek	\$171.79
4-Month Fwd.	\$162.97
B of C Ex. Rate (Noon) \$1.1625 CAD/ \$0.8602 USD	
Cash Prices Week Ending December 13, 2014	
Signature 3	177.33/80.44
Signature 4	178.75/81.08
h@ms Cash	177.25/80.40
Hylife	177.07/80.32
Thunder Creek	178.70/81.06
ISO Weans	\$75.71 US Avg.
Feeder Pigs	\$88.42 US Avg.
#1 Export Sows (+500lbs)	n/a this week (Tagged)

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		158.15 159.76	157.34 161.37	158.95 162.70	163.17 166.39	173.63 181.13	178.98 185.41	179.97 185.86	172.67 180.18	156.41 164.99	158.67
Maple Leaf Sig. #4		155.12 158.44	156.41 159.48	156.41 160.35	160.09 162.37	169.48 177.99	176.12 181.31	178.43 183.00	174.69 177.60	156.35 171.72	157.91
Soymeal Winnipeg Delivered	538	512	491	491	482	482					
Corn Wpg, Delivered	190										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

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