



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, January 15, 2015

Forward contract prices opened higher this morning. US cash markets continued their weaker trend, dropping to the lowest level seen since April 2013. Abundant hog supplies, trending beyond the USDA Hogs and Pigs forecast, combined with heavy carcass weights are resulting in burdensome pork production for this time of year. Last week, live hog weights averaged better than 288 lbs. in the Iowa/S. Minnesota regions, breaking the previous record set last spring. The recent warmer weather in the US Midwest will further exacerbate the weight issue. Lean Hog futures regained some of the losses experienced over the few trading days with the spring and summer contracts settling more than \$1.50/cwt higher in yesterday's trade. However, futures traders continue to be influenced by the recent cash market, with summer month contracts running about 12% lower than where they were last year (before the effects of PEDv were known). Producers should view any rallies in forward prices as a selling opportunity to mitigate some of the price risk associated with 2015 production.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed amid technical oversold conditions in spite of (or perhaps because of) a fundamental situation that is considered to be biased toward the bear camp for the mid-to-longer term. Analysts note that peak demand for US beans has now passed and S. American product is not too far from market meaning the general consensus is for price pressure to materialize. There is talk that truck and rail offers are starting to come down somewhat, but significant price relief for local meal buyers has yet to be seen.

Canadian delivered corn prices opened lower this morning. US corn futures are trading higher. There is a general sentiment that \$4 USD/bu. is the current benchmark for incenting US farmers to sell. As US corn is currently trading below \$4, there is talk of firming basis (and bids) as commercial processors attempt to secure supplies. Weekly exports have been relatively weak of late but are actually surpassing year ago levels as 2013/14 got off to a slow start for the US; however, the Ukraine remains to be an active competitor adding pressure.

US Slaughter	
433,000	Wednesday
430,000	Wednesday (year ago)
W. Corn Belt	\$71.44
National Price	\$76.29
Daily Sig 3	\$156.59
Daily Sig 4	\$161.93
Thunder Creek	\$156.61
4-Month Fwd.	\$165.98
B of C Ex. Rate (Noon)	
\$1.1958 CAD/ \$0.8362 USD	
Cash Prices Week Ending January 10, 2015	
Signature 3	160.33/72.73
Signature 4	162.91/73.90
h@ms Cash	161.41/73.22
Hylife	161.33/73.18
Thunder Creek	160.70/72.89
ISO Weans	\$66.81 US Avg.
Feeder Pigs	\$84.76 US Avg.
#1 Export Sows (+500lbs)	\$39.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		153.87 156.93	155.51 159.34	160.21 163.50	175.23 185.09	182.90 189.47	181.59 187.60	175.73 183.38	163.00 171.75	159.55 166.72
Maple Leaf Sig. #4		154.41 156.95	154.41 158.43	158.54 160.87	171.49 182.31	180.40 185.71	180.08 184.73	177.79 182.30	162.82 178.49	160.27 165.82
Soymeal Winnipeg Delivered	512	486	479	469	469	469				
Corn Wpg, Delivered	184									

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STRENGTH IN NUMBERS

