



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, February 10, 2015

Forward contract prices opened higher this morning. US

cash markets opened this week lower as packers attempt to protect their healthy operating margins despite weaker pork product values. Hog numbers are tighter with yesterday's slaughter totaling only 407,000 hogs, reflecting producer unwillingness to maintain their current delivery schedule with discounts. Last week's hog slaughter was up 4% from the same week in 2014, while pork production was estimated at 5.5% higher than year ago levels, exceeding USDA estimates. Lean Hog futures continued their choppy trading trend, with most of the nearby contracts dropping more than \$2.00/cwt yesterday, while closing up a similar amount on Friday. While technical indicators reflect a market that is oversold, weak cash market fundamentals continue to add uncertainty to the 6 month price outlook. In addition, funds continue to sell out of their net long position according to the Commitment of Traders report, adding to the bearish pressure.

Canadian delivered soymeal prices opened higher this morning.

The soybean complex continues its relatively steady trend, with beans maintaining their 50 cent trading range that has been established over the last month. The focus of the market will be on the results of the WASDE report which is unlikely to have any significant changes to the domestic market, as this year's production estimates were already established by the USDA in the December report. Uncertainty comes from the production and ending stocks estimates for Brazil, the second largest exporter in the world.

Canadian delivered corn prices opened even this morning.

Corn futures are called steady to higher, as traders see greater upside to corn due to firmer world demand. Traders are looking for insight into export demand for Corn on the WASDE report released later this morning.

US Slaughter	
407,000	Monday
394,000	Monday (year ago)
W. Corn Belt	\$60.53
National Price	\$67.49
Daily Sig 3	\$138.11
Daily Sig 4	\$149.12
Thunder Creek	\$137.54
4-Month Fwd.	\$ 161.41
B of C Ex. Rate (Noon)	
\$1.2448 CAD/ \$0.8033 USD	
Cash Prices Week Ending February 7, 2015	
Signature 3	147.27 / 66.80
Signature 4	157.24 / 71.32
h@ms Cash	155.74 / 70.64
Hylife	154.59 / 70.12
Thunder Creek	154.50 / 70.08
ISO Weans	\$48.67 US Avg.
Feeder Pigs	\$72.74 US Avg.
#1 Export Sows (+500lbs)	\$33.00/cwt. (Tagged)

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Maple Leaf Sig. #3		139.66	142.10	165.37	173.42	176.27	171.44	161.54	156.27	139.83
		141.38	145.55	175.72	180.32	182.60	179.95	170.75	163.74	145.57
Maple Leaf Sig. #4		139.69	143.84	163.82	173.17	176.94	175.38	162.78	158.45	144.42
		143.92	146.29	175.18	178.74	181.84	183.29	179.28	164.24	152.22
Soymeal Winnipeg Delivered	496	496	490	490	485	485	484	489		
Corn Wpg, Delivered	191									

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STRENGTH IN NUMBERS

