

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, February 11, 2015

Forward contract prices opened lower this morning. US cash markets dropped below the benchmark of \$60/cwt yesterday, the lowest level seen in nearly 5 years. US packers have been protecting their strong operating margins by matching losses in whole-sale pork prices to their cash bids. However, hog supply is heavy and easily outpacing expectations of most traders and the USDA's survey of hog producers completed about 2 months ago. The abundant numbers, combined with hog weights that continue to outpace year ago weights, are preventing any support from developing in the cash market. This is a primary factor driving the weakness in Lean Hog futures, adding to the uncertainty already in the market with the waning effects of PEDv and reportedly sluggish export demand. The strong US dollar is a major factor in the poor export sales performance, making US produced pork significantly more expensive than it was one year ago.

Canadian delivered soymeal prices opened higher this morning. Soymeal futures were stronger to finish yesterday's trade, responding to increased domestic usage projected by the USDA in their monthly WASDE report. While crush margins have been cut in half from levels experienced 6 months ago, margins are still strong from a historical standpoint and domestic usage is expected to outpace previous expectations.

Canadian delivered corn prices opened even this morning. US corn futures responded to yesterday's WASDE report by moving lower as projected World supplies are larger than most had anticipated. However, US ending stocks estimates were lowered in the report, down about 50 million bushels from the last report, providing some offsetting support.

US Slaughter	
435,000	Tuesday
417,000	Tuesday (year ago)
W. Corn Belt	\$59.21
National Price	\$66.62
Daily Sig 3	\$135.97
Daily Sig 4	\$148.14
Thunder Creek	\$136.51
4-Month Fwd.	\$ 158.45
B of C Ex. Rate (Noon)	
\$1.2528 CAD/ \$0.7982 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		136.74 138.48	139.18 142.68	162.23 172.70	170.37 177.36	173.53 179.94	168.53 176.84	158.21 167.53	144.31 159.21	135.66 141.43
Maple Leaf Sig. #4		136.91 141.19	141.09 143.57	160.81 172.31	170.28 175.91	174.36 179.32	172.67 180.38	159.63 176.32	151.38 159.87	140.42 148.25
Soymeal Winnipeg Delivered	500	500	493	493	487	487	486	491		
Corn Wpg, Delivered	191									

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STRENGTH IN NUMBERS

