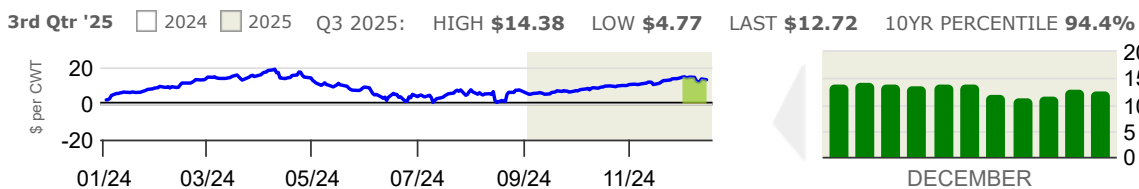
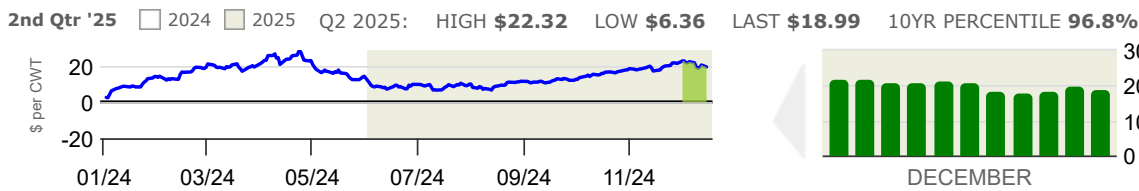
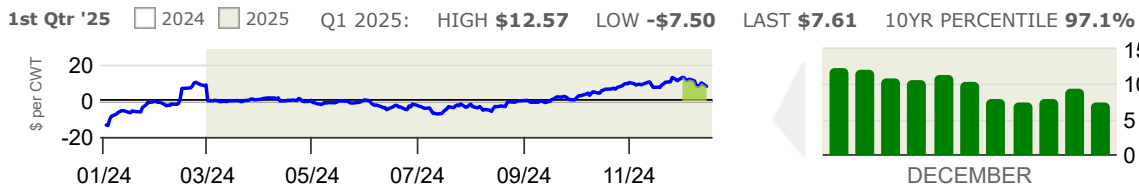


Margins were flat to slightly weaker over the first half of December as hog prices declined from fresh contract highs in late November while projected feed costs were steady to a bit firmer. The cash hog market has seasonally declined from new 10-year highs since late November while the pork cutout has increased about \$4.50/cwt. or 5% as a sharp rise in ham prices has provided support. Pork export sales last week were the highest recorded for the year with 62,000 MT of new commitments compared to the most recent four-week average of 26,600 MT. Mexico was a big buyer with 15,335 MT of the total 35,163 MT for the current marketing year, representing more than double the volume based on the pace for the previous four weeks. Another 8,720 MT of export sales commitments in the next marketing year were also recorded for Mexico, with over 60,000 MT on the books for delivery this year and next compared to 45,000 MT at this time last year. China was also active this past week with almost 14,000 MT of new sales commitments. Moreover, total pork shipments for the week were also strong at 32,154 MT, 2% higher than the previous four-week average and in line with last year's pace. One concerning feature of the market currently is that the non-commercial, net long position (managed money + other) is at a new 15-year high for this time of year and not far from an all-time record high as traders express increasing confidence in the continuation of short supplies and strong demand moving into 2025. After adding new positions recently to take advantage of historically strong margins, our clients are beginning to plan for opportunities to make strategic adjustments to allow further flexibility for potential margin improvement over time.



The Hog Margin calculation assumes that 73 lbs of soybean meal and 5.3 bushels of corn are required to produce 100 lean hog lbs. Additional assumed costs include \$44 per cwt for other feed and non-feed expenses.

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