



Hog Margin Outlook

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Wednesday, September 11, 2013

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

US Slaughter	
430,000	Tuesday
437,000	Tuesday (year ago)
W. Corn Belt	\$92.02
National Price	\$92.51
Daily Sig 3	\$174.69
Daily Sig 4	\$170.08
Thunder Creek	\$175.04
4-Month Fwd.	\$158.95
B of C Ex. Rate (Noon)	
\$1.0357 CAD/\$0.9655 USD	
Cash Prices Week Ending September 06, 2013	
Signature 3	77.74/171.38
Signature 4	78.21/172.43
h@ms Cash	77.53/170.93
Hylife	77.57/171.02
Thunder Creek	77.07/169.90
ISO Weans	\$38.21 US Avg.
Feeder Pigs	\$56.23 US Avg.
#1 Export Sows (+500lbs)	\$ 65.00 cwt.

Forward contract prices opened lower this morning. US cash markets are trending higher this morning countering the normal trend this time of year, when hog supplies are growing and packers have an abundance of supply. Packer bids in most reporting regions hit the highest level seen in three weeks as wholesale pork prices continue to support packer operating margins. Hog numbers have been comparable to year ago levels for the past 2 months until last week, when numbers came in about 4.5% lower than year ago levels. Analysts are starting to question whether this drop in numbers is a result of the impact of PED virus on feeders' barns that began months ago, but this would be earlier than most have anticipated. Lean Hog futures have moved higher primarily due to the cash market influence, with commercial traders taking the losses and starting to buy out of their short positions. Producers looking for protection in the winter months can hold out for gains of \$5-\$7/kg over current forward prices, given the support the market is experiencing.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher. A bout of profit taking nudged the market lower on news of the start of the harvest and of better than expected crop conditions; down only 2% to 52% good/excellent. Analysts are predicting some stability barring any massive external shocks like a widespread, early killing-frost. Analysts' average estimate for 2013/14 yield comes in at 41.2 bpa ahead of tomorrow's WASDE, implying a 115 million bushel loss compared to previous estimates.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower. A favourable weather forecast for harvesting is expected with the harvest now progressing into Illinois and Iowa. There is evidence of some price pressure as corn starts to come off the field. Analysts' estimates ahead of WASDE are 153.6 bpa, implying 13.7 billion bu. in production; there is talk that these numbers have been priced into the market and accurately reflect reasonable expectations. Lower trading volumes are expected today ahead of tomorrow's reports.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		161.57	152.50	155.36	152.17	159.31	151.79	154.27	162.68	166.98
		169.17	158.68	158.21	158.83	161.69	155.12	160.96	170.32	172.71
Maple Leaf Sig. #4		164.19	153.57	155.59	153.07	159.15	152.89	152.91	161.88	165.58
		168.97	161.67	159.27	156.20	160.63	155.65	159.20	169.46	168.91
Soymeal Winnipeg Delivered	587	531	509	509	511	513				
Corn Wpg Delivered	259	261	205							

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WINNIPEG LIVESTOCK
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