



# Hog Margin Outlook

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Tuesday, September 17, 2013

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

**Forward contract prices opened mixed this morning.** US cash markets continue to reflect extremely tight supplies by firming bids from packers. However, wholesale pork prices have not kept pace with the cash market, sending packer operating margins into negative territory. This aspect of hog market fundamentals is unique at this time of year, as typically packers have no difficulty meeting their production requirements given that hog numbers normally jumps by more than 10% in the month of September. Analysts suggest that the 'hole' in hog marketings is largely a function of the record setting temperatures experienced in the Midwest in early September. Temperatures were close to 15 degrees higher than normal for a period of 2 weeks, which slowed growth rates in most hog operations. If the reduced hog supplies are simply causing delayed marketings, gains in Lean Hog futures may not be sustainable. Producers looking for protection in the early winter months should view current prices as good value and consider pricing a portion of their production.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trending higher. Soybeans rebounded following yesterday's drop in prices and on news that FSA prevented planted acres estimate (acres not planted due to extreme weather) rose to 1.687 from 1.618 million acres in the latest report. Despite meagre export inspections of 3 million bu. (compared to the 27 million needed to meet USDA forecasts), the market is gearing for robust new crop exports; but there is talk that a 69 MMT estimate for the Chinese market is too high.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading higher. Fundamental estimates currently point to a bearish new crop harvest buoyed by a 1.8 billion bu. carryout. There is talk that corn futures could be pushed as low as \$4.00 following the harvest so long as a widespread killing frost does not materialize. In the meantime, a trader who writes a popular column notes that there will be sporadic rallies due to frost scares that will push daily trading higher ahead of the critical mass of the harvest.

US Slaughter	
428,000	Monday
436,000	Monday (year ago)
W. Corn Belt	\$95.85
National Price	\$94.95
Daily Sig 3	\$181.24
Daily Sig 4	\$173.86
Thunder Creek	\$182.03
4-Month Fwd.	\$158.98
<b>B of C Ex. Rate (Noon)</b>	
\$1.0316 CAD/\$0.9693 USD	
<b>Cash Prices Week Ending September 13, 2013</b>	
Signature 3	79.40/175.05
Signature 4	77.23/170.27
h@ms Cash	76.55/168.77
Hylife	76.89/169.52
Thunder Creek	78.34/172.70
ISO Weans	\$39.42 US Avg.
Feeder Pigs	\$56.33 US Avg.
#1 Export Sows (+500lbs)	\$ 67.00 cwt.

Fixed Forward Range	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig. #3		162.32	152.97	155.80	153.22	160.32	153.09	155.79	163.69	167.97
		168.46	159.11	158.64	159.85	162.69	156.40	162.45	171.30	177.01
Maple Leaf Sig. #4		164.87	153.98	156.00	154.06	160.11	154.11	154.36	162.84	166.53
		168.16	162.03	159.66	157.18	161.58	156.86	160.63	170.40	173.16
Soymeal Winnipeg Delivered	590	534	511	511	511	512				
Corn Wpg Delivered	239	241	194							

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**WINNIPEG LIVESTOCK**  
**HWY #6 AND RD 236**

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