



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, October 10, 2013

Forward contract prices opened lower this morning. US cash markets are trading lower as most methods for settling hog purchases came under pressure. Cargill and Tyson's base price, the Urner Barry pork cut-out index was down close to \$3.50/cwt. a major move that has some questioning how the price is derived. Smithfield's price was also lower, as the October futures dropped more than \$1.50/cwt in trade yesterday. Smithfield is setting its price based on adjustments to last week's price that are a function of the daily changes to the October Lean Hog futures. However, this procedure will need to change for next week's trade, as the October contract expires on Monday, when all open positions will be settled against a volume weighted average price for Friday and Monday's trade. The Canadian Dollar has found some support at 96 cents against the US Dollar, with the market holding out some optimism that a meeting between President Obama and the House Republican can yield a short-term resolution to the government shutdown and the looming debt ceiling deadline.

* n/a as a result of the partial US government shutdown; USDA not reporting.

Canadian delivered soymeal prices opened mixed this morning. The soybean complex, usually preoccupied with preparing for a scheduled WASDE report, continue to trade in a vacuum of domestic information. The US government shutdown has cancelled the release of the October WASDE report which would normally be released tomorrow. The market is trading near steady since the USDA shut down its export sales and crop condition reports, with the market putting a greater focus on global influences on the soybean trade.

Canadian delivered corn prices opened lower this morning. Traders have been able to rely on private data providers and anecdotal evidence for the progress and size of the US corn harvest. Weather has been cooperative in most parts of the US Midwest, with some traders suggesting that yields will exceed the last USDA forecast. There is talk of China being a large buyer of corn since the beginning of the government shutdown, but this remains difficult to confirm.

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

US Slaughter	
n/a*	Wednesday
n/a*	Wednesday (year ago)
W. Corn Belt	\$ n/a*
National Price	\$ n/a*
Daily Sig 3	\$ n/a*
Daily Sig 4	\$ n/a*
Thunder Creek	\$ n/a*
4-Month Fwd.	\$157.48
B of C Ex. Rate (Noon)	
\$1.0397 CAD/\$0.9618 USD	
Cash Prices Week Ending October 4, 2013	
Signature 3	77.36/170.55
Signature 4	79.79/175.91
h@ms Cash	79.11/174.41
Hylife	79.08/174.33
Thunder Creek	79.38/175.00
ISO Weans	\$n/a* US Avg.
Feeder Pigs	\$n/a* US Avg.
#1 Export Sows (+500lbs)	\$65.00 cwt.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		151.24 156.01	154.10 156.96	154.67 161.36	161.84 164.23	157.98 161.32	160.49 167.21	169.45 177.13	173.77 180.01	169.10 176.24
Maple Leaf Sig. #4		151.63 158.10	154.03 157.73	155.33 158.48	161.07 161.81	158.90 161.68	158.95 165.26	168.46 176.08	172.18 176.82	168.45 175.46
Soymeal Winnipeg Delivered	515	499	499	500	500	500				
Corn Wpg Delivered	229	194	196							

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h@ms 2013 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current	Oct. 30 @ 12:00PM (Thurs.) - with lunch	Days Inn - 905 North Service Rd. E., Swift Current
Saskatoon	Oct. 30 @ 6:00PM (Thurs.) - with dinner	Sandman Hotel - 310 Circle Dr. W., Saskatoon
Starbuck	Nov. 7 @ 12:00 PM (Thurs.) - with lunch	Starbuck Community Hall - 25 Main Street, Starbuck
Steinbach	Nov. 8 @ 12:00 PM (Fri.) - with lunch	Smitty's - 145 Park Rd. W., Steinbach