



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, October 02, 2013

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

Forward contract prices opened mixed this morning. The US Government shutdown is having a huge impact on the price reporting system that we as Canadians use to establish domestic prices. All non-essential US Federal Government employees were laid off from work earlier this week, which includes the USDA staff that normally manages the price reporting system. As a result, any transactions that have occurred since this development have not been captured and disseminated through the daily price reports from the USDA. In the event that this issue is not resolved by the end of this week, we anticipate using the last available US daily cash price (Monday) for this week's hog price calculation. Lean Hog futures continue to trade with relative normalcy, as they only rely on USDA data for their settlement procedures at contract expiration. Lean hog futures have generally been trading steady since the initial negative reaction to Friday's Hogs and Pigs report and the lack of any credible cash market information. The longer that the trade goes without credible cash market information, the more likelihood that we could see larger price fluctuations.

* Last reported price Monday, September 30, 2013.

** Derived from last reported price previous to USDA shutdown, October 1, 2013.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Despite an increase in crop conditions to 53% from 50%, soybean futures have recovered, in part, to a negative weather forecast and uncertainty in pricing information. Price determination will become difficult amid the US government shutdown which has affected the USDA, a principle information source for the marketplace. There is talk the October 11 WASDE report will be delayed.

Canadian delivered corn prices opened higher this morning. US corn futures are trading higher. A turnaround following two days of declines is being attributed to anticipated uncertainty amid talk that some of the big traders holding large short positions may temper activity until USDA numbers (or more certain numbers) become available. As well, weekly export and crop reports will be affected as a result of the USDA being shut down.

US Slaughter	
n/a	Tuesday
n/a	Tuesday (year ago)
W. Corn Belt	\$89.69 *
National Price	\$96.03 *
Daily Sig 3	\$169.88 **
Daily Sig 4	\$176.13 **
Thunder Creek	\$169.70 **
4-Month Fwd.	\$156.75

B of C Ex. Rate (Noon)
\$1.0333 CAD/\$0.9677 USD

Cash Prices Week Ending September 27, 2013	
Signature 3	79.38/175.01
Signature 4	80.58/177.65
h@ms Cash	79.90/176.15
Hylife	79.72/175.75
Thunder Creek	81.47/179.60

ISO Weans \$43.29 US Avg.
Feeder Pigs \$61.62 US Avg.
#1 Export Sows (+500lbs)
\$ 73.50 cwt.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		150.68	153.52	153.88	161.02	156.59	158.61	166.85	171.14	170.94
		156.84	156.37	160.55	163.40	159.92	165.27	174.47	177.33	173.80
Maple Leaf Sig. #4		151.05	153.44	154.55	160.26	157.53	157.09	165.91	169.60	171.44
		159.51	157.12	157.68	161.00	160.30	163.36	173.47	174.21	173.10
Soymeal Winnipeg Delivered	508	490	490	492	492	492				
Corn Wpg Delivered	229	190	192							

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h@ms 2013 Fall Marketing Meeting Schedule

Date and Time	Location
Nov. 7 @ 12:00 PM (Thurs.) - with lunch	Starbuck Community Hall - 25 Main Street, Starbuck
Nov. 8 @ 12:00 PM (Fri.) - with lunch	Smitty's - 145 Park Rd. W., Steinbach