



# Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, October 03, 2013

**Forward contract prices opened higher this morning.** Most US packers are using Monday's cash market to purchase hog supplies in this week's trade, with a modest number of animals actually trading at an independently negotiated price. There is a gaping hole in market information for the livestock industry developing this week due to the US government shutdown that has had an estimated 800,000 public servants laid off. For years, the USDA has provided transparency to the livestock market through their price reporting system which the trade has come to rely. With each passing day without market information comes more uncertainty, as there is no credible non-governmental source for hog slaughter numbers, weights or prices. Lean Hog futures continue to trade in the void of cash market information but will be less useful as a risk management tool the longer that this situation persists. The only transparent piece of the pricing formula is the Canadian Dollar which continues its relatively steady trend of the last two weeks, priced just shy of US\$0.9700.

\* Last reported price Monday, September 30, 2013.

\*\*Derived from last reported price

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher supported by rain in the northern Corn Belt that is delaying harvest; there is talk that sustained rain could 'grind' harvest to a halt. There is increasing consensus among analysts that USDA reports scheduled for release next week (WASDE, Production, Progress) will not materialize, adding uncertainty. There is still talk of better than expected yields adding modest pressure.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. As with soybeans, corn futures are supported on news that a wetter 5-day forecast will, at least, slow harvest somewhat. There is talk that uncertainty due to lack of USDA data could push some major market participants to the sidelines for now. Pressure comes from positive yield expectations, a higher expected ending stocks number (when information becomes available) and competition from Brazil and the Ukraine.

US Slaughter	
n/a	Wednesday
n/a	Wednesday (year ago)
W. Corn Belt	\$89.69 *
National Price	\$96.03 *
Daily Sig 3	\$169.86 **
Daily Sig 4	\$176.11 **
Thunder Creek	\$169.69 **
4-Month Fwd.	\$157.59
<b>B of C Ex. Rate (Noon)</b> \$1.0332 CAD/\$0.9678 USD	
<b>Cash Prices Week Ending September 27, 2013</b>	
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		151.78	154.63	154.53	161.65	157.09	159.69	167.98	172.27	169.19
		157.95	157.47	161.17	164.20	160.41	166.36	175.61	178.47	174.91
Maple Leaf Sig. #4		152.12	154.51	155.16	160.86	158.01	158.14	167.00	170.70	169.56
		160.57	158.18	158.28	161.59	160.76	164.42	174.58	175.31	174.17
Soymeal Winnipeg Delivered	512	500	500	501	501	501				
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