



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, October 04, 2013

Forward contract prices opened lower this morning. US cash markets are estimated to be steady with Monday's trade as the majority of hogs traded this week were done so in good faith, as most packers followed Smithfield's lead to pay producers based on the last available reported price. Very few contingency plans were in place in advance of the US government shutdown as less than 10% of hogs sold on a weekly basis are actually independently negotiated at the time of sale. Pork producers and packers find themselves in a unique position amongst other commodity groups, as the trade has come to rely almost exclusively on the USDA price reports for price discovery and transparency. Lean Hog futures are still experiencing active trade, but the situation is precarious for the October Lean Hog contract as it is set to expire on Monday, October 14 against a cash index that currently does not exist. The remaining contracts have largely been trending higher, after the initial drop in response to last Friday's Hogs and Pigs report.

* Last reported price Monday, September 30, 2013.

**Derived from last reported price

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading lower. Good growing conditions in September amid producer reports of better than expected yields have traders suggesting a slight bearish bias to the trade in the longer term; in the short term, rallies that materialize due to harvest delays are viewed as technical selling opportunities. Recent light trading volumes have been attributed to the USDA shutdown although there is talk that the USDA will still release its crop production forecast on October 11.

Canadian delivered corn prices opened lower this morning.

US corn futures are trading higher. Technical traders are noting a slight corrective 'bounce' to the trade this morning as a result of corn's recent oversold level. With rain in the 1-5 day forecast, there is talk that weather-related harvest delays will also add support in the short term. Pressure comes from talk of better than expected yields. Like soybeans, trading volumes are expected to be lighter as a result of uncertainty amid the USDA shutdown.

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

US Slaughter	
n/a	Thursday
n/a	Thursday (year ago)
W. Corn Belt	\$89.69 *
National Price	\$96.03 *
Daily Sig 3	\$169.71 **
Daily Sig 4	\$175.96 **
Thunder Creek	\$169.54 **
4-Month Fwd.	\$157.07
B of C Ex. Rate (Noon) \$1.0323 CAD/\$0.9687 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	n/a
Thunder Creek	79.38/175.00
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		151.25	154.09	154.01	161.12	156.33	159.56	167.66	171.95	169.38
		157.40	156.93	160.65	163.50	160.31	166.23	175.29	178.14	175.10
Maple Leaf Sig. #4		151.60	153.98	154.65	160.35	157.90	158.02	166.70	170.39	169.74
		160.03	157.64	157.77	161.08	160.66	164.30	174.26	175.00	174.36
Soymeal Winnipeg Delivered	510	499	499	500	500	500				
Corn Wpg Delivered	224	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