



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
http://hamsmarketing.ca

Tuesday, October 08, 2013

Forward contract prices opened higher this morning. US packers appear to be settling on different solutions to deal with the problem of no USDA price reports on which to base their purchases. News stories have reported that Smithfield intends to use the daily changes to the October Lean Hog futures contract as a proxy for changes to their cash bids since last Monday until the end of this week. Alternatively, Tyson and Cargill have stated that they will use the private sector data provider Urner Barry and its pork cut-out index as the base for their purchases. Both options have deficiencies, but the announcements have mitigated a portion of the significant uncertainty in the price discovery process. Lean Hog futures are dealing with a similar situation as the CME Group has been forced to alter its settlement procedures for the October contract next week. Instead of settling against their CME Lean Hog index price, they have decided to determine the expiration price of the contract based on a volume weighted average price of the trades that occur on Friday and following Monday. 2014 Lean Hog futures continue to rally despite the lack of cash market information, setting new contract highs in several months.

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

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading higher supported by a slowdown in US harvest and export demand optimism. Pressure comes from improving S. American planting weather and talk that S. American farmers will shift some corn acres to soybeans. As well, traders are talking about an increase in US ending stocks to 175 million bu. from 150 million as reports of increased yields come in, although the WASDE report will not be released this week to 'confirm'.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. There is talk of an imminent turnaround higher due to technical short covering, corn's oversold position and increasing Chinese demand as traders re-enter the market after holidays (there are rumors of an 800-900,000 tonne new crop sale to China). Traders are attempting to piece together the fundamentals from various private, ad hoc and proxy information sources in the absence of timely USDA data.

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

US Slaughter	
n/a*	Monday
n/a*	Monday (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.	\$159.21
B of C Ex. Rate (Noon) \$1.0306 CAD/\$0.9703 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		153.36	156.21	156.29	163.41	158.76	161.09	169.19	173.48	169.82
		159.52	159.05	162.94	165.79	162.08	167.76	176.81	179.67	176.96
Maple Leaf Sig. #4		153.65	156.04	156.87	162.57	160.73	160.43	168.17	171.86	169.15
		162.09	159.71	159.99	163.31	162.39	165.78	175.74	176.48	176.16
Soymeal Winnipeg Delivered	520	504	504	505	505	505				
Corn Wpg Delivered	229	194	196							

This information is intended to aid producers in making pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the authors' consent.

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