



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, October 15, 2013

Forward contract prices opened higher this morning. US cash markets were reportedly mixed to start this week's trade while Canadian markets were closed for Thanksgiving Day. The US Federal Government shutdown is now entering its third week, with most of USDA staff considered as non-essential, and therefore not producing the price reports on which the hog market relies. The hogs that are going to market are being priced predominantly by three different methods: Smithfield's reference to the futures market, Tyson and Cargill's reference to the Urner Barry Pork Cut-out index, and a direct negotiated price. Lean Hog futures are trading sharply higher in the winter months, with traders seemingly discounting the last available report on supplies (Hogs and Pigs Report) which suggested that hog numbers would be larger than last year. The lack of new fundamental information may be contributing to the reduction in Open Interest in Lean Hogs, as market analysis has been severely hampered due to the lack of credible production and price data.

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

Canadian delivered soymeal prices opened mixed this morning. Nearby US soybean futures are trading higher. Delays due to recent rain have stopped the harvest at approximately 35-37% complete, as of private estimates last Friday. Pressure comes from positive yield forecasts, talk of a cut in the EPA mandate and the ongoing harvest, albeit delayed; there are reports of long lines at elevators. Uncertainty comes from unclear Chinese demand amid the ongoing delays in USDA data reporting.

Canadian delivered corn prices opened mixed this morning. US corn futures are trading lower predominantly on news of a delay in harvest in the US and a slower planting progress in S. America both due to rain. There is talk of uncertainty in the market overall as the trade has gone without export sales data or the Commitments of Traders reports for almost a month. However, there is still an expectation of a bearish bias amid talk of a potential 2 billion+ bu. carryout.

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

US Slaughter	
n/a*	Last Week
n/a*	Last Week (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.	\$159.01
B of C Ex. Rate (Noon) \$1.0385 CAD/\$0.9629 USD	
Cash Prices Week Ending October 11, 2013	
Signature 3	76.81/169.41
Signature 4	77.19/170.18
h@ms Cash	76.51/168.68
Hylife	76.39/168.42
Thunder Creek	76.84/169.40
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		153.55	156.40	155.73	162.88	158.40	160.74	169.77	174.07	170.66
		158.31	159.26	162.41	165.27	161.74	167.44	177.42	180.29	177.84
Maple Leaf Sig. #4		153.85	156.25	156.34	162.07	159.30	159.18	168.75	172.46	169.99
		160.30	159.93	159.48	162.81	162.07	165.47	176.34	177.08	177.03
Soymeal Winnipeg Delivered	513	489	489	490	490	490				
Corn Wpg Delivered	180	180	191	191	191					

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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