



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, October 16, 2013

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.	\$160.60
B of C Ex. Rate (Noon)	
\$1.0371 CAD/\$0.9642 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)	\$57.00 cwt.

Forward contract prices opened higher this morning. US cash markets were reportedly mixed as the Urner Barry pork cut-out (Cargill and Tyson) was lower while the December Lean Hog futures (Smithfield) were higher at the end of the day. Lean Hog futures are experiencing some volatility, a symptom of lower market liquidity and transparency as a direct result of the US Government shutdown. Yesterday, the December Lean Hog futures climbed \$1.50/cwt. on the close after funds were heavy buyers with few sellers willing to take the short position of the trade. Early morning trade has the winter months higher by 40 to 50 points, but these contracts could see significant price fluctuations later this morning, as a result of lower liquidity. All financial markets are trading with greater uncertainty today. The US government's authority to borrow money will expire at midnight tonight unless the US Congress extends that authority by passing a law or, in a more obscure scenario, the President issues an executive order to extend that authority to borrow. However, it is unclear whether or not President Obama has this authority.

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

Canadian delivered soymeal prices opened higher this morning. US soybean prices are trading higher. The corrective 'bounce' is supported by an expectation of high Chinese demand and better than expected NOPA crush data (108.68 million bu. crushed compared to the trade expectation of 106.4 million bu.). Pressure comes from private fundamental estimates; harvest at 50% complete, yields at 43 bpa compared to the last USDA estimate of 41.6 bpa

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. Traders are expecting corrective action, likely to follow the release of USDA data when the US government finally re-opens, in response to what some are calling a 'massive speculative short position'. Meanwhile, corn slips lower shunning rumors and speculation including talk that China bought another 300,000 tonnes and continued talk that big funds will remain on the sidelines, but are poised to cover their short positions.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		155.45	158.30	157.31	164.46	159.35	161.79	171.13	175.43	172.12
		157.35	161.15	163.98	166.84	162.69	168.49	178.78	181.65	179.32
Maple Leaf Sig. #4		155.69	158.08	157.87	163.59	160.22	160.19	170.07	173.77	171.42
		159.74	161.76	161.01	164.33	162.98	166.49	177.66	178.40	178.48
Soymeal Winnipeg Delivered	513	490	490	491	491	491				
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 (Wed.) - with lunch	Days Inn - 905 North Service Rd. E., Swift Current
Saskatoon	Oct. 30 @ 6:00PM (Wed.) - 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