



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, October 18, 2013

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

US Slaughter	
433,000	Thursday
430,000	Thursday (year ago)
W. Corn Belt	\$ 91.16 *
National Price	\$ 96.03 **
Daily Sig 3	\$ 171.86 *
Daily Sig 4	\$ 175.31 **
Thunder Creek	\$ 171.87 *
4-Month Fwd.	\$158.75
B of C Ex. Rate (Noon) \$1.0285 CAD/\$0.9722 USD	
Cash Prices Week Ending October 18, 2013	
Signature 3	75.75/167.00
Signature 4	76.41/168.45
h@ms Cash	75.73/166.95
Hylife	n/a
Thunder Creek	77.52/170.90
ISO Weans	\$n/a US Avg.
Feeder Pigs	\$n/a US Avg.
#1 Export Sows (+500lbs)	\$57.00 cwt.

Forward contract prices opened lower this morning. US cash markets are returning to normal late this week as the USDA published its mandatory price reports and daily slaughter levels for the first time in over two weeks. Most US regions were supported by tight supplies and uncertainty over the last two weeks, with most packers still looking for supplies to fill out their slaughter schedule. Unfortunately, the USDA has decided not to retroactively report slaughter data which will make it difficult to reconcile to the latest hogs and pigs report. However, it appears as though the hog supply has been tighter than what the USDA had forecast in its Quarterly report, with PED virus likely starting to have an impact on the current week's hog slaughter. Lean Hog futures have been at or near contract highs recently as traders have been factoring the tight supplies into their price forecast. The Canadian Dollar has been supported recently by news of a trade deal with the European Union. The pork industry in Canada will be a direct benefactor of the agreement, with tariff free access to a market of 500 million people potentially increasing from 6,000 to 75,000 tonnes of pork.

* Derived from USDA current reporting; ** Derived from Sept 30 due to USDA not yet reporting.

Canadian delivered soymeal prices opened lower this morning. External optimism following an interim solution to the US debt ceiling crisis and news that the Chinese economy grew by 7.8% in the third quarter (following 7.5% in Q2) is supporting commodities. An expectation that exports will register between 3-4 MMT during the period of the shutdown and preliminary USDA export news is also providing support. Pressure comes from generally good US harvesting weather forecasts and talk of farmers double cropping beans in Brazil.

Canadian delivered corn prices opened higher this morning. News from Argentina reporting acreage will be unchanged from last year at 5.7 million hectares (14.08 million acres) and talk that Brazil farmers will double crop beans instead of corn is viewed as supportive. However, corn maintains a bearish bias with a 2 billion+ bu. US carryout expectation and optimistic yield estimates. There is talk that the USDA will issue a schedule today outlining when (updated/revised) USDA reports will be released.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		153.47	156.30	155.63	162.73	157.30	159.83	168.76	173.03	169.14
		155.36	159.13	162.25	165.09	160.61	166.48	176.36	179.21	176.27
Maple Leaf Sig. #4		153.73	156.11	156.21	161.88	158.18	158.27	167.74	171.42	168.49
		157.75	159.77	159.32	162.62	160.93	164.53	175.29	176.02	175.49
Soymeal Winnipeg Delivered	493	493	493	495	495	495				
Corn Wpg Delivered	184	184	194	194	194					

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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 @ 2:00 PM (Thurs.) - BBQ to follow	Starbuck Community Hall - 25 Main Street, Starbuck
Steinbach	Nov. 8 @ 12:00 PM (Fri.) - with lunch	Smitty's - 145 Park Rd. W., Steinbach