



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, October 21, 2013

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

US Slaughter	
2.297 mil.	Last Week
2.297 mil.	Last Week (year ago)
W. Corn Belt	\$ 90.58
National Price	\$ 89.87
Daily Sig 3	\$ 170.80
Daily Sig 4	\$ 164.10
Thunder Creek	\$ 170.89
4-Month Fwd.	\$158.05
B of C Ex. Rate (Noon) \$1.0287 CAD/\$0.9721 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	75.64/166.75
Thunder Creek	77.52/170.90
ISO Weans	\$52.35 US Avg.
Feeder Pigs	\$69.70 US Avg.
#1 Export Sows (+500lbs)	\$57.00 cwt.

Forward contract prices opened lower this morning. US cash markets are expected to open steady to higher this morning as hog supplies continue to come in under expectations leaving packers short of supplies relative to their meat orders and internal requirements. Last week's slaughter was estimated at 2.3 million hogs, comparable to year ago levels, but there is some question about the accuracy of this estimate given that US government shutdown was only resolved half way through the week. Cash values are trading at a 10% premium over year ago levels, which reflects the recent supply shortage the market has experienced over the last month. Futures traders remain hesitant to fully factor in the shortage, with the last Hogs & Pigs report suggesting that supplies over the next 3 months would exceed year ago levels by about 1%. The Canadian Dollar remains near the US\$0.97 range, after our currency received a boost from a resolution to the debt ceiling issue last week.

Canadian delivered soymeal prices opened higher this morning. Traders are calling for choppy and two-sided trade amid sustained uncertainty following the US government shutdown; some reports are resuming (e.g. today's Crop Progress report), others have been outright cancelled (e.g. October WASDE). While biasing higher, the upside is limited on positive yield estimates, an ideal 5-7 day weather forecast for US harvest and good weather for Brazil planting. News of better than expected export sales, with cumulative sales for 2013/14 at 71% compared to a 49.5% 5-year average, is supportive.

Canadian delivered corn prices even this morning. Rain and snow in the Dakotas and Minnesota influenced only modest harvest delays. Support is a function of expectations that Brazil's second crop production will be lowered, good ethanol margins, decent exports (47% compared to the 40% 5-year average) and an expected decrease in acreage. However, a cut of 1.6 million acres to 87.5 million acres is accompanied by an expected increase in yield to 158 bpa influencing the carryout upward to 1.966 billion bu. which is adding pressure.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		152.46	155.29	155.01	162.12	157.13	159.36	168.67	172.94	169.86
		154.35	158.13	161.64	164.49	160.45	166.01	176.26	179.11	177.00
Maple Leaf Sig. #4		152.76	155.14	155.61	161.30	158.04	157.81	167.65	171.33	169.19
		156.78	158.80	158.73	162.04	160.79	164.07	175.19	175.93	176.20
Soymeal Winnipeg Delivered	505	505	505	506	506	506				
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