



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, October 22, 2013

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

US Slaughter	
433,000	Monday
434,000	Monday (year ago)
W. Corn Belt	\$ 88.20
National Price	\$ 91.19
Daily Sig 3	\$ 166.47
Daily Sig 4	\$ 166.67
Thunder Creek	\$ 167.02
4-Month Fwd.	\$ 158.97
B of C Ex. Rate (Noon)	
\$1.0297 CAD/\$0.9711 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)	\$55.50 cwt.

Forward contract prices opened higher this morning. US cash markets started this week slightly lower, with packers starting the week with a disciplined buying program amid the relatively tight hog supply. Daily hog slaughter is only recently estimated to be equivalent to year ago levels, but the trade is still finding it difficult to reconcile the 'hole' in marketings that has occurred in the last month. The pork carcass cut-out was higher in trade yesterday, resulting in a recovery in packer margins to profitable levels that are more consistent with this time of year. Cash prices are expected to be firm through the remainder of the week, lending support to the nearby futures months that are trading at a discount to the cash market. The USDA's forecast for the hog supply over the last month is out by more than 5%, the largest discrepancy experienced in more than 10 years, with no obvious explanation available to the market. The Canadian Dollar continues to trade in a remarkably narrow trading range, despite a policy statement on the interest rates expected from the Bank of Canada on Wednesday.

Canadian delivered soymeal prices opened lower this morning. The first Crop Progress report since the US government shutdown was released yesterday afternoon. The numbers show that the bean harvest has progressed further than expected at 63% but lower than the 69% 18 state, 5-year average; 57% of the harvested crop is in good/excellent condition. Traders will have to wait a bit longer for the WASDE report now scheduled for release on November 8.

Canadian delivered corn prices even this morning. According to the most recent (and highly anticipated) Crop Progress report, the US corn crop is 39% harvested compared to the 18 state, 5-year average of 53%; last year, 85% had been harvested at this time. Sixty percent is in good/excellent condition. There is talk that some light rain in the US Midwest will delay the harvest of an already late crop (due to delayed spring planting), adding mild support to the trade in the short term.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		153.91	156.73	155.66	162.75	157.65	159.90	169.22	173.48	170.87
		155.79	159.56	162.28	165.11	160.96	166.53	176.79	179.64	178.01
Maple Leaf Sig. #4		154.15	156.52	156.23	161.90	158.52	158.33	168.18	171.84	170.17
		158.17	160.18	159.34	162.63	161.26	164.56	175.70	176.43	177.18
Soymeal Winnipeg Delivered	504	504	504	505	505	505				
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