



# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, October 23, 2013

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

**Forward contract prices opened higher this morning.** US cash markets came under pressure in trade yesterday as hog supplies are approaching levels that were expected and comparable to those of a year ago. However, when put into historical context, cash prices are near record high for this time of year, second only to 2011 when pork prices benefitted from the huge purchase of carcasses from China. Pork cut-out values have been firm so far this week, climbing to over \$95/cwt., with the resulting impact on packer profitability very positive. While supplies have been tight, packer margins have reflected this by running significantly lower than 'average' levels for this time of year. Lean Hog futures responded to the strength in wholesale pork values yesterday, gaining more than \$1.00/cwt. in the December contract, but traders have taken back some of those gains in this morning's trade. The Canadian dollar is trading more than 80 basis points lower this morning, as the Bank of Canada suggested that our economy would grow at a slower rate than was previously forecast.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher on news of harvest progress lower than the 5-year average, firm basis levels and indications of strong export demand, particularly from the Asian markets. This turnaround follows 6 sessions of losses. However, most traders and analysts are slightly bearish in the longer term on optimistic yield and production estimates and talk of bumper crops in Brazil.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading higher. Strength in the wheat market has been supportive to the corn trade, helped along by a slowed harvest due to wet and snowy weather in some areas. The support is despite expectations of high yields (now around 160 bpa) and carryout estimates approaching 2 billion bu. Looking forward, the trade is generally bearish and rallies are viewed as short term technical trading opportunities.

US Slaughter	
432,000	Tuesday
429,000	Tuesday (year ago)
W. Corn Belt	\$ 87.05
National Price	\$ 91.32
Daily Sig 3	\$ 164.09
Daily Sig 4	\$ 166.69
Thunder Creek	\$ 161.90
4-Month Fwd.	\$ 160.16
<b>B of C Ex. Rate (Noon)</b> \$1.0284 CAD/\$0.9723 USD	
<b>Cash Prices Week Ending October 18, 2013</b>	
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.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		154.73 156.63	157.59 160.45	156.93 163.61	164.09 166.48	159.32 162.66	160.09 166.73	169.96 177.54	174.22 180.39	171.63 178.79
Maple Leaf Sig. #4		155.00 159.07	157.40 161.10	157.51 160.66	163.25 163.99	160.20 162.97	158.52 164.76	168.90 176.43	172.57 177.16	170.91 177.94
Soymeal Winnipeg Delivered	524	524	524	525	525	525				
Corn Wpg Delivered	181	181	189	189	189					

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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