



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, October 25, 2013

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

US Slaughter	
434,000	Thursday
432,000	Thursday (year ago)
W. Corn Belt	\$ 85.73
National Price	\$ 91.38
Daily Sig 3	\$ 163.77
Daily Sig 4	\$ 169.04
Thunder Creek	\$ 163.41
4-Month Fwd.	\$165.28
B of C Ex. Rate (Noon) \$1.0422 CAD/\$0.9595 USD	
Cash Prices Week Ending October 25, 2013	
Signature 3	75.32/166.04
Signature 4	75.71/166.92
h@ms Cash	75.03/165.42
Hylife	n/a
Thunder Creek	75.75/167.00
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 are finishing the week with slightly lower bids, despite higher values experienced across all Lean Hog futures months. Wholesale pork prices are holding relatively steady, with values comparable to month ago levels, however individual cuts are experiencing some volatility. Primal loin values are approaching the \$100/cwt. benchmark, while pork bellies have lost 12% of their value in the last week and are no longer providing the core support to the carcass cut-out. Pork market fundamentals have added value to all of the futures months, with PED virus still spreading in North Carolina and the potential for growth in exports to China as a result of the Shuanghui-Smithfield deal that is expected to be completed by the end of the year. The Canadian Dollar remains under pressure after the Bank of Canada suggested that our economy would continue to see sluggish growth over the next year. Producers without protection through the winter months should consider covering up to 20% of their production at current prices, as there is still significant uncertainty in the market.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower after a session of gains supported by the soymeal trade. There is talk that a relatively slow crush pace out of Argentina has influenced European meal buyers toward the US. Above trade expectations, 850,100 MT of meal sales has put cumulative sales at 44.9% compared to the 29.1% 5-year average. In other news, Argentine presidential elections scheduled for this weekend are expected to influence the value of the Peso.

Canadian delivered corn prices opened higher this morning. US corn futures are trading mixed despite a consensus of a bear market in the longer term. Support comes from strong demand; ethanol production last week was up over 11% from last year and cumulative export sales are at 51.3% compared to the 41.9% 5-year average. However, harvest is estimated to be over 50% by Monday and with yield expectations high, there is talk of a US carryout as high as 2 billion bu. The next WASE report will be released November 8.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		159.48	162.36 165.23	162.13 167.41	169.34 170.30	166.30 169.66	168.22 174.47	178.08 185.77	182.41 187.21	178.34 185.54
Maple Leaf Sig. #4		158.71	161.12 164.83	161.47 164.63	167.24 167.98	165.88 168.67	166.25 171.65	175.33 182.96	179.06 183.71	175.95 183.02
Soymeal Winnipeg Delivered	534	534	534	535	535	535				
Corn Wpg Delivered		193	195	203						

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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