



# Hog Margin Outlook

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Monday, October 28, 2013

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

US Slaughter	
2.262 mil.	Last Week
2.369 mil	Last Week (year ago)
W. Corn Belt	\$ 84.63
National Price	\$ 91.23
Daily Sig 3	\$ 162.11
Daily Sig 4	\$ 169.21
Thunder Creek	\$ 161.92
4-Month Fwd.	\$165.39
<b>B of C Ex. Rate (Noon)</b> \$1.0450 CAD/\$0.9569 USD	
<b>Cash Prices Week Ending October 25, 2013</b>	
Signature 3	75.32/166.04
Signature 4	75.71/166.92
h@ms Cash	75.03/165.42
Hylife	75.30/166.01
Thunder Creek	75.75/167.00
ISO Weans	\$56.00 US Avg.
Feeder Pigs	\$72.54 US Avg.
#1 Export Sows (+500lbs)	\$55.50 cwt.

**Forward contract prices opened higher this morning.** US cash markets are expected to rebound slightly from last week's decline, as hog numbers remain tight amid firm packer demand. Last week's slaughter was estimated at 2.26 million hogs, down more than 100,000 animals from the same week last year. It is increasingly evident that the US market lost significant numbers in the early days of PED virus, with recent slaughter levels running more than 3% lower than year ago levels. While the futures trade has been willing to add value to the Feb and April contracts in response to the disease outbreak, traders are taking a wait-and-see approach coming up to the summer of 2014 in order to see if the numbers of cases start to fall off. However, the opposite has been true as the most recently reported week (October 6-13), recorded the most number of new cases (59) since the outbreak started in April. The Canadian Dollar is still trading near the lows of the last month after the Bank of Canada lowered its forecast for economic growth in Canada last week. Some commercial bank economists have also been cautious about the prospect for Canada's economy.

**Canadian delivered soymeal prices opened lower this morning.** Domestic crush margins remain in positive territory and there is news of more export demand coming for US beans. As such, processors are firming up basis to maintain supply certainty, influencing a supportive tone, but positive yields are expected to offset some demand pressure. Showers this week are expected to delay harvest somewhat; there is talk that harvest is approximately 82% complete ahead of today's Crop Progress report.

**Canadian delivered corn prices opened mixed this morning.** There is continued talk that US will see a large corn harvest. Good progress over the weekend and more talk of better than expected yields have traders exhibiting a bearish bias over the longer term. However, traders are waiting on the next WASDE report to confirm (due for release on November 8) as the market remains 'range bound' for now. Harvest is estimated at 53% complete ahead of today's Crop Progress report.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		159.50	162.38 165.25	162.40 167.69	169.61 170.57	167.17 170.53	169.62 175.89	179.69 187.40	184.02 188.84	180.16 187.41
Maple Leaf Sig. #4		158.73	161.14 164.85	161.73 164.90	167.50 168.24	166.72 169.51	166.68 173.03	176.90 184.55	180.63 185.29	177.74 184.84
Soymeal Winnipeg Delivered	519	519	519	520	520	520				
Corn Wpg Delivered		185	196	196	196					

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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