



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, October 29, 2013

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

US Slaughter	
431,000	Monday
426,000	Monday (year ago)
W. Corn Belt	\$ 86.00
National Price	\$ 90.69
Daily Sig 3	\$ 164.65
Daily Sig 4	\$ 168.14
Thunder Creek	\$ 163.16
4-Month Fwd.	\$167.96
B of C Ex. Rate (Noon) \$1.0445 CAD/\$0.9573 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	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)	\$58.50 cwt.

Forward contract prices opened higher this morning. US cash markets are trading higher this morning after packers started the week searching for hogs to fill up their underutilized slaughter schedules. Most packers reported their bids as \$1.00/cwt. higher in trade yesterday, yielding operating margins that are at average levels for this time of year. Lean Hog futures hit new contract highs across all offered contracts yesterday, and while the cash market provided support, traders say that the biggest buyers were investment and index funds that typically initiate trades based on technical analysis. Not only did the December, February and April contracts break contract highs, they also moved about US\$2.00/cwt. beyond all-time highs. As a result of this, combined with lower feed values, projected profitability is the best that the industry has seen in the last 10 years. Producers should consider pricing a portion of their production at current prices, in order secure these profit margins, as there is still uncertainty regarding the hog supply and exports that could negatively impact prices.

Canadian delivered soymeal prices opened even this morning. Export inspections were bullish at 83.6 million bu. (week ending Oct. 24). This compares to 59.9 million the previous week and 47.7 million the week earlier. However there are expectations the US crop will be much larger than originally expected, influencing a bearish tone longer term; many analysts suggest an increase in supply will offset the soy complex's demand overall. The crop is 77% harvested compared to an 82% trade expectation.

Canadian delivered corn prices opened mixed this morning. The market has noted a three year low for the corn trade following talk that ethanol upside potential is extremely limited; there are reports that a US motor club started actively lobbying for a cut to the ethanol mandate Monday. There is news of an active harvest with consistent reports of optimistic yields. Harvest is noted at 59% complete that, while below the 65% 10-year average, was better than the 52-53% trade estimate.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		161.92	164.97 167.66	165.51 170.79	172.71 172.67	170.41 173.77	172.69 178.94	182.31 190.00	186.64 191.45	182.19 189.43
Maple Leaf Sig. #4		161.06	163.47 167.18	164.74 167.90	170.50 171.25	169.85 172.64	169.65 175.98	179.43 187.07	183.16 187.81	179.70 186.80
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