



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, October 30, 2013

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

US Slaughter	
434,000	Tuesday
418,000	Tuesday (year ago)
W. Corn Belt	\$ 85.00
National Price	\$ 90.05
Daily Sig 3	\$ 162.74
Daily Sig 4	\$ 166.95
Thunder Creek	\$ 162.43
4-Month Fwd.	\$167.91
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 came under a bit of pressure yesterday, as packers have been known to act defensively when the pork cut-out comes under pressure. Packer operating margins are still in positive territory, with the pork cut-out reporting a modest decline from weaker loin and belly prices; however, ham values are providing support. The USDA released the August monthly pork exports, which revealed a 4.6% decline in volume from last year. Both Japan and Mexico purchased less pork than year ago levels; however, the value of the pork was comparable given that prices in August of this year were higher. In the important Chinese market, exports experienced the first year over year monthly gain of 2013, with August 2013 sales exceeding last year's by 16%. Some analysts have suggested that the futures have already benefitted from the Shuanghui-Smithfield deal, as there are ideas that pork exports to China will increase as result of the Chinese company's investment in the US hog industry. With all periods trading near contract highs, producers should consider pricing a portion of their production as there is still significant uncertainty in the market.

Canadian delivered soymeal prices opened lower this morning. There is talk of an oversold condition in the marketplace that is adding support across the complex. Beans are also supported by positive weather forecasts (US harvest and S. American planting), an edible oil 'bounce', tight US meal supplies and some positive Chinese economic news. As such, there is talk of a modest bounce across the complex despite a longer term bearish sentiment due to higher yield expectations that should be confirmed in the November 8 WASDE report.

Canadian delivered corn prices opened lower this morning. Corn traders remain decisively bearish in the longer term but yesterday's turnaround prompted talk of a bounce. Like soybeans, support comes from corn's 'extreme oversold technical condition' and is also propped by firmer basis levels in the WCB. The November WASDE is expected to show yield averages and ending stocks much higher than the September report with at least one trader/analyst hinting at a 2.2 billion bu. carryout.

Fixed Forward Range	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3 *delayed report		162.03*	164.91* 167.79*	165.59* 170.88*	172.80* 173.77*	170.21* 173.57*	172.62* 178.89*	181.82* 189.54*	186.17* 190.99*	181.86* 189.11*
Maple Leaf Sig. #4		160.93	163.35 167.06	164.67 167.65	170.26 171.01	169.01 171.81	168.93 175.29	178.56 186.22	182.29 186.97	178.35 185.47
Soymeal Winnipeg Delivered	516	516	516	517	517	517				
Corn Wpg Delivered		180	180							

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h@ms 2013 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Swift Current	TODAY! Oct. 30 @ 12:00PM (Wed.) - with lunch TODAY!	Days Inn - 905 North Service Rd. E., Swift Current
Saskatoon	TODAY! Oct. 30 @ 6:00PM (Wed.) - with dinner TODAY!	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