



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, November 04, 2013

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

US Slaughter	
2.272 mil.	Last Week
2.359 mil.	Last Week (year ago)
W. Corn Belt	\$ 84.55
National Price	\$ 88.39
Daily Sig 3	\$ 161.85
Daily Sig 4	\$ 163.84
Thunder Creek	\$ 160.82
4-Month Fwd.	\$161.55
B of C Ex. Rate (Noon) \$1.0443 CAD/\$0.9575 USD	
Cash Prices Week Ending November 1, 2013	
Signature 3	73.46/161.96
Signature 4	75.77/167.05
h@ms Cash	75.09/165.55
Hylife	74.66/164.60
Thunder Creek	74.30/163.80
ISO Weans	\$59.72 US Avg.
Feeder Pigs	\$73.60 US Avg.
#1 Export Sows (+500lbs)	\$58.00 cwt.

Forward contract prices opened lower this morning. US cash markets are starting the first full week in November with firm cash bids from packers, as hogs supplies continue to be significantly tighter than was anticipated. Last week's slaughter was estimated at 2.27 million hogs, about 3.7% lower than in the same week last year. However, pork production experienced a narrower gap of only a 2.4% deficit, as carcass weights are up sharply to their highest level so far this year at 210 pounds. Lean Hog futures are starting the week narrowly mixed, as traders are seeing a bearish influence from the cash market, while the tight hog supply has provided support. Compared to the September Hogs and Pigs report estimates, weekly slaughter is running close to 5% lower than those projections, a huge discrepancy that may be explained by the outbreak of PED virus last spring. There is still significant uncertainty in the coming months; producers without protection should consider setting targets for a portion of their winter production at levels \$2-\$5/kg higher than current forward prices.

Canadian delivered soymeal prices opened lower this morning. There is more talk of anticipated higher yield and production level expectations in this week's WASDE report. Some private estimates ahead of the report are calling for 43.3 bpa (compared to 41.2 bpa in the Sept. WASDE) and 3.298 billion bu. in production, up 149 million from the last WASDE report. Analysts are suggesting anything above 43.0 bpa will influence a bearish market response despite continued supportive strength from demand.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher amid talk of an interim 'bounce' ahead of the WASDE report as bearish traders move to the sidelines. Mild support comes from a wetter forecast in key growing areas, potentially delaying harvest activity. Private estimates ahead of the WASDE report show increases in yields (161.2 bpa) and production levels (14.223 billion bu.), suggesting market pressure is on the horizon.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		158.30 161.16	159.54 164.81	166.72 167.88	164.90 168.26	167.15 173.39	176.98 184.65	181.29 186.09	178.07 185.30
Maple Leaf Sig. #4		156.44 160.14	158.20 161.17	163.77 164.51	163.58 166.36	163.35 169.67	173.33 180.95	177.05 181.69	174.77 181.86
Soymeal Winnipeg Delivered	499	499	499	501	501				
Corn Wpg Delivered	184	184	189						

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h@ms 2013 Fall Marketing Meeting Schedule

Meeting	Date and Time	Location
Starbuck	Nov. 7 @ 2:00 PM (Thurs.) - BBQ to follow	Starbuck Community Hall - 25 Main Street
Steinbach	Nov. 8 @ 12:00 PM (Fri.) - with lunch	Smitty's - 145 Park Road West