



# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, November 05, 2013

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

US Slaughter	
434,000	Monday
433,000	Monday (year ago)
W. Corn Belt	\$ 81.70
National Price	\$ 87.91
Daily Sig 3	\$ 155.97
Daily Sig 4	\$ 162.52
Thunder Creek	\$ 155.79
4-Month Fwd.	\$164.50
<b>B of C Ex. Rate (Noon)</b> \$1.0415 CAD/\$0.9601 USD	
<b>Cash Prices Week Ending November 1, 2013</b>	
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)	\$56.00 cwt.

## Forward contract prices opened higher this morning.

US cash markets started the week with lower cash bids, responding to heavier carcass weights and a large daily slaughter of 434,000 hogs. Packers however have strong incentive to add hours to their Saturday kill, as the pork cut-out moved higher Monday and is trading close to \$95/cwt. With estimated operating margins at over \$25/hog, profitability is near the highest level seen so far this year. Lean Hog futures are expected to see some pressure from the weaker cash market, but firm wholesale pork prices will provide underpinning support. Both the December and February futures are trading at a premium to the current cash market, providing added rationale for hedging a portion of winter production. Traders are largely focused on the impact of PED virus on the hog supply and the resulting price implications. Unfortunately there is little concrete information available to the market to accurately assess the impact of the disease on hog supplies.

## Canadian delivered soymeal prices opened lower this morning.

Trading activity is expected to be relatively light ahead of Friday's WASDE report. There is talk of some uncertainty ahead of Friday's report as no October report was released; while there is talk of 43+ bpa yields, carryout ranges between 150 million and 240 million bu. depending on demand estimates. S. American weather has been favourable for planting and crop development; US harvest is estimated at 86% complete.

## Canadian delivered corn prices opened lower this morning.

US corn futures are trading lower. Talk of 160+ bpa yields and total production approaching 14.5 billion bu. according to some estimates has the trade exhibiting a decisively bearish bias. Like soybeans, the trade is expected to be light ahead of the WASDE report. The corn harvest is at 73% complete, up from 59% last week and only 3% behind the 10-year average. Mild interim support could come in the form of a correction due to corn's technically over-sold position.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Maple Leaf Sig. #3		159.69 162.56	161.61 166.90	168.82 169.78	167.03 170.40	169.26 175.51	179.04 186.74	183.37 188.18	179.66 186.90
Maple Leaf Sig. #4		158.35 162.06	160.78 163.76	166.36 167.11	166.03 168.82	165.77 172.10	175.61 183.25	179.34 184.00	176.60 183.70
Soymeal Winnipeg Delivered	497	497	499	499	499				
Corn Wpg Delivered	182	182	189	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