



Hog Margin Outlook

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Wednesday, November 06, 2013

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

US Slaughter	
436,000	Tuesday
431,000	Tuesday (year ago)
W. Corn Belt	\$ 79.81
National Price	\$ 87.56
Daily Sig 3	\$ 152.85
Daily Sig 4	\$ 162.36
Thunder Creek	\$ 152.75
4-Month Fwd.	\$166.20
B of C Ex. Rate (Noon) \$1.0448 CAD/\$0.9571 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)	\$56.00 cwt.

Forward contract prices opened lower this morning. US cash markets are called to open near steady this morning after the USDA's Iowa/S. Minnesota and the Western Corn Belt regions reported declines of close to \$4.00/cwt. over the last couple of days. Hog numbers have ramped up to surpass year ago levels, with yesterday's slaughter estimated at 436,000 hogs, the largest in months. Heavier hog weights are also adding to the negative price pressure, with average carcass weights running up over 210 lbs. Nearby Lean Hog futures have resisted much of the weaker cash market influence, with the December contract offering good value when compared with the recent cash market trend. The Canadian Dollar continues to trade at the lower end of its 3 month trading range, with traders focused on US economic growth and employment reports that will be released later this week. Producers without protection through the early winter timeframe should consider covering as much as 30% of their production at current prices, as there is still significant uncertainty related to future hog supplies.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher, but there is talk that massive selling could materialize following a bearish WASDE report on Friday. Traders are preparing for production numbers to be up 75 million bu. over the September report, but a carryout range of 90 million bu. estimated ahead of the report (150 – 240 million bu.) is considered to be significantly large, adding some uncertainty. Analysts are cautioning investors to be prepared for bullish surprises.

Canadian delivered corn prices opened even this morning. Private, pre-WASDE estimates are coming in at 160+ bpa, 14+ billion bu. in production and 2+ billion bu. in carryout; analysts are expecting low volumes and small trading ranges ahead of Friday's report. Unlike soybeans, no potential for surprise has really been hinted at and the trade's bearish bias remains intact. Support comes from news that three ethanol plants in Iowa are coming back online and some reports of export sales.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		156.88	159.38	166.57	164.84	167.09	177.07	181.39	178.18	170.75
		159.75	164.65	167.52	168.20	173.33	184.75	186.19	185.41	177.02
Maple Leaf Sig. #4		155.63	158.61	164.17	163.89	164.59	173.70	177.42	175.16	172.82
		159.33	161.58	164.92	166.68	169.98	181.32	182.06	182.26	174.69
Soymeal Winnipeg Delivered	499	499	500	500	500					
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