



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, November 07, 2013

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

US Slaughter	
438,000	Wednesday
435,000	Wednesday (year ago)
W. Corn Belt	\$ 80.85
National Price	\$ 87.05
Daily Sig 3	\$ 154.41
Daily Sig 4	\$ 160.99
Thunder Creek	\$ 154.21
4-Month Fwd.	\$161.85
B of C Ex. Rate (Noon) \$1.0419 CAD/\$0.9597 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 mixed this morning.

US cash markets are finding little support this week as producers are adding significant weight to their hogs. Live hog weights are now about 8 lbs. heavier than year ago levels, adding about 3% more pork to the supply chain. This week's pork production is expected to easily exceed year ago levels, as slaughter levels are coming in close to last year's one of the factors pushing down hog prices. Lean Hog futures are holding a significant premium to the cash market and traders are trying to determine whether this week's increase in hog supply is an anomaly or an indication of a permanent change from the last two months. With forward prices still offering comparable prices to the current cash markets for most weeks in December, producers without protection should consider covering as much as 40% of their production.

Canadian delivered soymeal prices opened higher this morning.

The Dow Jones Newswire's Analysts' Average Estimates ahead of tomorrow's WASDE report shows 3.225 billion bu. in production, a 42.5 bpa yield and 172 million bu. carryout with some estimates as high as 240 million. Consensus is that anything above 200 million bu. will trigger market action lower, considering the bearish outlook in S. America. However, there is still uncertainty and some are bracing for surprises on report day.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading higher ahead of Friday's WASDE report and analysts suggest this is a function of new information coming out of China today that could see the country import as much as 985 million bu. (!) Short term volatility is now expected and the market is no longer 'decisively' bearish, considering the Chinese news and some carryout uncertainty ahead of the WASDE report. Analysts' average estimates currently stand at 14.022 billion bu. in production, a 159.43 bpa yield, and 2.029 billion in carryout.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		156.69	159.04	166.24	164.28	166.64	176.55	180.88	176.62	169.75
		159.57	164.32	167.20	167.64	172.89	184.25	185.70	183.85	176.01
Maple Leaf Sig. #4		155.45	158.28	163.86	163.36	163.23	173.20	176.93	173.65	171.84
		159.16	161.26	164.61	166.15	169.57	180.85	181.59	180.74	173.70
Soymeal Winnipeg Delivered	505	505	506	506	506					
Corn Wpg Delivered	184	184	191	191						

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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