



# Hog Margin Outlook

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Friday, November 08, 2013

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

US Slaughter	
436,000	Thursday
433,000	Thursday (year ago)
W. Corn Belt	\$ 81.95
National Price	\$ 86.50
Daily Sig 3	\$ 156.85
Daily Sig 4	\$ 160.33
Thunder Creek	\$ 156.58
4-Month Fwd.	\$164.85
<b>B of C Ex. Rate (Noon)</b> \$1.0442 CAD/\$0.9576 USD	
<b>Cash Prices Week Ending November 8, 2013</b>	
Signature 3	70.93/156.38
Signature 4	73.49/162.01
h@ms Cash	72.81/160.51
Hylife	72.67/160.20
Thunder Creek	73.17/161.30
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 experienced a minor recovery from the lows seen on Wednesday, despite packers being awash in live hog supplies. This week's slaughter is expected to exceed year ago levels for the first time in months, a significant divergence from the recent trend. Adding to the bearish fundamentals are live hog weights that have ballooned to record high levels, well over 280lbs. across all reporting regions. Producers have responded to the significant drop in feed prices and are looking to maximize their profitability by delayed marketing and adding extra weight on the animals. Lean Hog futures have responded to the firmer cash market by gaining more than \$0.50/cwt. in the nearby contracts, and currently represent a premium over cash market values. Traders are struggling to determine where the hog supply is going over the next several months, as this week's slaughter raises uncertainty of the impact of the PED virus on the hog slaughter and consequently the prices that packers will be willing to pay. Producers should consider hedging a portion of their winter production at current prices in order to mitigate some of this uncertainty.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher ahead of the release of today's much-anticipated WASDE report. The market is anticipating 42.4 bpa and 3.221 billion bu. in production; carryout ranges from 150 to 240 million bu. Some traders have been preparing for 'surprises' (e.g. the USDA could significantly adjust the demand side of the ledger, but is deemed unlikely) which could turn a bearish report into a bullish one quickly. The WASDE report will be released at 11:00 AM, Central.

**Canadian delivered corn prices opened even this morning.** The corn market is generally preparing for a bearish WASDE report but there have been some new considerations. There were rumors yesterday that Chinese buying intentions could remove over 900 million bu. from the carryout. On the other hand, there was more trade chatter yesterday that an adjustment to the ethanol mandate could add 500 million bu. The market averages are expecting 158.9 bpa, 14+ billion in production and a carryout near or above 2 billion bu., rumors notwithstanding.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		159.60	162.56	169.80	167.58	169.70	179.27	183.62	180.71	173.13
		162.49	167.87	170.76	170.95	175.98	187.00	188.45	187.99	179.45
Maple Leaf Sig. #4		158.28	161.71	167.32	166.57	166.21	175.85	179.59	177.62	175.18
		162.01	164.70	168.07	169.38	172.57	183.52	184.27	184.77	177.06
Soymeal Winnipeg Delivered	515	515	516	516	516					
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