



Hog Margin Outlook

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Tuesday, November 12, 2013

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

US Slaughter	
2.290 mil.	Last Week
2.356 mil.	Last Week (year ago)
W. Corn Belt	\$ 81.93
National Price	\$ 86.01
Daily Sig 3	\$ 157.49
Daily Sig 4	\$ 160.10
Thunder Creek	\$ 157.50
4-Month Fwd.	\$164.96
B of C Ex. Rate (Noon) \$1.0487 CAD/\$0.9535 USD	
Cash Prices Week Ending November 8, 2013	
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	\$67.72 US Avg.
Feeder Pigs	\$77.03 US Avg.
#1 Export Sows (+500lbs)	\$56.00 cwt.

Forward contract prices opened mixed this morning. US cash markets are showing relative resilience to increased hog weights and higher slaughter numbers as Friday's National Base price lost a mere \$.49 cents/cwt.: the ISM base prices were actually higher by 13 cents/cwt. over Friday's reported pricing. Slaughter numbers continue to increase and were estimated at 2.290 million hogs for the week ending November 9 compared to 2.272 million last week and 2.356 million last year. Lean hog futures continue to trend slightly higher. To this point, analysts are starting to acknowledge there really is no way to determine the impact of the PEDv with any certainty as new reports are generally showing an increase in reported cases. It remains to be seen if the recent strength in nearby futures contracts out to June is the function of a PEDv risk premium. However, there is anecdotal evidence supporting this notion and it appears that the market is accounting for a potential loss of pigs and pricing it into futures contracts. As a result, forward prices continue to show relative value as compared to other years, countering the seasonal trends at this time.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher as support in the market continues following Friday's surprise WASDE report which reported an increase in estimated exports of some 80 million bu. The effect is that ending stocks are now estimated at 170 million bu. and while higher than the September estimates, are much lower than market expectations.

Canadian delivered corn prices opened higher this morning. US corn futures are trading lower on thoughts that a market correction and profit taking are adding pressure this morning. While a slight decrease in planted acreage was reported, the big surprise on Friday was a lowering of ending stocks by 175 million bu. which added significant support to the trade. As some USDA offices were closed for Veteran's Day, Monday's scheduled Crop Progress report will be released today.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		158.87	162.53	169.76	167.77	169.93	179.70	184.04	181.04	173.40
		161.76	167.83	170.72	171.14	176.21	187.42	188.87	188.31	179.69
Maple Leaf Sig. #4		157.57	161.68	167.28	166.76	166.42	176.26	180.00	177.94	175.41
		161.30	164.67	168.03	169.56	172.78	183.92	184.67	185.07	177.29
Soymeal Winnipeg Delivered	535	535	536	536	536					
Corn Wpg Delivered	199	201	203							

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