



Hog Margin Outlook

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Wednesday, November 13, 2013

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

US Slaughter	
437,000	Monday
435,000	Monday (year ago)
W. Corn Belt	\$ 81.68
National Price	\$ 85.48
Daily Sig 3	\$ 157.24
Daily Sig 4	\$ 159.34
Thunder Creek	\$ 157.52
4-Month Fwd.	\$162.43
B of C Ex. Rate (Noon) \$1.0502 CAD/\$0.9521 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)	\$63.75 cwt.

Forward contract prices opened lower this morning. US cash markets are expected to find support in the last half of the week as packer profitability is holding at some of the highest levels experienced so far this year. The pork cut-out is sustaining a price of around \$95/cwt. with the volume of loads exceeding 500. The uncertainty in near term supplies due to the impact of PED virus continues to weigh heavy on the market, with packers unwilling to bid up prices and chase live supplies for fear that hog numbers decline sharply and leave them with negative operating margins. Nearby Lean Hog futures are trading lower this morning, falling to their lowest level in a month. However, relative to the historical relationship with the cash market, a premium remains in the market for the early spring timeframe. Producers without protection should consider covering 20-40% of their Jan – Apr production at current prices.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. The market has turned lower following repeated sessions of gains since the release of the WASDE report last Friday. The turn is a function of technical positioning and profit taking following the release of the bearish Crop Progress report yesterday which reported harvest as 91% complete; 5% higher than last week and only 1% off the 5-year average. The weather remains favourable in S. America for planting and crop development, also adding pressure.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. The Crop Progress report showed harvest 5% further along than the 5-year average and 9% higher than last week at 84%, near market expectations. Also adding pressure are weak export inspections now showing cumulative sales about 1% lower than the 5-year average. As with soybeans, the weather outlook for corn in S. America remains favourable and there are no weather related risks forecast for the next two weeks.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		156.40	159.62	166.85	165.54	167.87	178.30	182.65	179.28	171.88
		159.28	164.92	167.81	168.91	174.15	186.03	187.48	186.54	178.18
Maple Leaf Sig. #4		155.18	158.86	164.46	164.59	164.43	174.91	178.65	176.24	173.95
		158.90	161.85	165.21	167.39	170.79	182.58	183.33	183.36	175.82
Soymeal Winnipeg Delivered	533	533	535	535	535					
Corn Wpg Delivered	199	201	203							

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