



# Hog Margin Outlook

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Friday, November 15, 2013

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

US Slaughter	
437,000	Thursday
436,000	Thursday (year ago)
W. Corn Belt	\$ 79.82
National Price	\$ 85.09
Daily Sig 3	\$ 153.58
Daily Sig 4	\$ 158.54
Thunder Creek	\$ 153.33
4-Month Fwd.	\$161.21
<b>B of C Ex. Rate (Noon)</b> \$1.0497 CAD/\$0.9526 USD	
<b>Cash Prices Week Ending November 15, 2013</b>	
Signature 3	70.79/156.07
Signature 4	72.14/159.05
h@ms Cash	71.46/157.55
Hylife	n/a
Thunder Creek	70.49/155.40
ISO Weans	\$67.72 US Avg.
Feeder Pigs	\$77.03 US Avg.
#1 Export Sows (+500lbs)	\$63.75 cwt.

**Forward contract prices opened mixed this morning.** US cash markets traded lower yesterday and are called steady to close out the week. Some reporting regions saw triple digit losses yesterday as ISM and WCB reported an average loss of \$1.56/cwt.; the National base price fared slightly better with a modest loss of 5 cents/cwt. Analysts generally cite heavier weights and an ample supply of hogs for the recent cash market pressure. Lean hog futures have traded in a sideways pattern most of the week, trending lower, but have regained some momentum this morning amid uncertainty stemming from the PED virus and uncertain demand further out. There were reports yesterday suggesting that the last week in October had more than twice the number of reported PEDv cases than the last week in May, when the reports started to come in, and that speculative buying could be behind what traders are calling a short-term 'bounce' today. This on-going issue is creating some support for futures values, especially as speculators move in, somewhat offsetting seasonal influences. As such, forward price declines have been less than normal for this time of year and prices are retaining relative value, when compared historically, despite seasonal pressures.

**Canadian delivered soymeal prices opened lower this morning.** The November contract for soymeal expired yesterday; traders now look to the January contract that is reflecting supply optimism despite recent adjustments to demand in the last WASDE report. There are reports of weakening basis levels for cash markets as processors replenish their supply pipelines and rumors that China could cancel US orders if the S. American crop is as large (and less costly) as expected, also adding pressure further out.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. Extremely strong ethanol production is being cited in part as a reason for the recent strength; analysts note that production facilities have either ramped up or re-started previously shuttered facilities amid good margins with the relatively cheaper corn. Despite this, the market is bearish moving forward and expected to be pressured further as harvest winds up.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		154.86	158.36	165.58	164.52	166.92	177.54	181.88	178.68	171.42
		157.74	163.65	166.54	167.89	173.19	185.26	186.71	185.94	177.72
Maple Leaf Sig. #4		153.68	157.64	163.23	163.60	163.51	174.16	177.90	175.66	173.50
		157.40	160.62	163.98	166.40	169.86	181.83	182.58	182.78	175.37
Soymeal Winnipeg Delivered	524	524	525	525	525					
Corn Wpg Delivered	199	201	203							

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**WINNIPEG LIVESTOCK**  
**HWY #6 AND RD 236**

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