



Hog Margin Outlook

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Monday, November 18, 2013

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

US Slaughter	
2.347 mil.	Last Week
2.374 mil.	Last Week (year ago)
W. Corn Belt	\$ 79.50
National Price	\$ 84.57
Daily Sig 3	\$ 152.40
Daily Sig 4	\$ 156.99
Thunder Creek	\$ 152.21
4-Month Fwd.	\$160.29
B of C Ex. Rate (Noon) \$1.0458 CAD/\$0.9562 USD	
Cash Prices Week Ending November 15, 2013	
Signature 3	70.79/156.07
Signature 4	72.14/159.05
h@ms Cash	71.46/157.55
Hylife	71.39/157.38
Thunder Creek	70.49/155.40
ISO Weans	\$73.69 US Avg.
Feeder Pigs	\$77.21 US Avg.
#1 Export Sows (+500lbs)	\$63.75 cwt.

Forward contract prices opened lower this morning. US cash markets are expected to open slightly lower than Friday's close, as packers appear content with the recent supplies. Last week's slaughter was estimated at 2.35 million hogs, with Saturday's slaughter of 223,000 hogs nearly double the previous week's. The carcass cut-out experienced significant volatility over the last week, with most of the weakness coming from lower loin, rib and belly values. Traders and analysts alike are still struggling to reconcile recent weeks' slaughter levels with the USDA's Hogs and Pigs report and their own expectations. Hog numbers were much tighter a month ago than they are today, when compared to year ago levels, which is inconsistent with the number of reported cases of PED virus last spring. As a result, price fluctuations are expected to remain high in both the winter and spring futures contracts until traders get more comfortable with the available hog supply. Producers should consider covering a portion of their production at current prices if they have not already started to get some price protection.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher cited in part to a market correction following Friday's downturn that saw and estimated 62% of gains lost from the previous sessions' rally. Demand side data released Friday failed to live up to market expectations adding pressure. And, with supply side projections buoyed by optimistic US numbers and good weather in S. America, analysts are expecting a bearish bias to the market in the longer term.

Canadian delivered corn prices opened lower this morning. US corn is pressured primarily from a revision lower to the ethanol mandate on Friday which saw the market react negatively to an announcement that the EPA mandate will be lowered to between 12.5 and 13.5 billion from 14.4 billion gallons. The effect could mean an additional ~350 million bu. of corn to the supply side of the ledger (at minimum), provided producers are not further incited in other ways to keep producing ethanol.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		152.89 155.76	156.79 162.06	163.98 164.94	163.34 166.70	165.47 171.71	175.99 183.67	180.31 185.11	177.84 185.09	170.44 176.72
Maple Leaf Sig. #4		154.16 155.46	156.10 159.07	161.67 162.41	162.45 165.23	162.10 168.42	172.66 180.28	176.38 181.03	174.84 181.95	172.53 174.41
Soymeal Winnipeg Delivered	522	522	523	523	523					
Corn Wpg Delivered	198	200	202							

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WINNIPEG LIVESTOCK
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