



# Hog Margin Outlook

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Wednesday, November 20, 2013

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

US Slaughter	
438,000	Tuesday
433,000	Tuesday (year ago)
W. Corn Belt	\$79.28
National Price	\$ 83.41
Daily Sig 3	\$152.09
Daily Sig 4	\$154.95
Thunder Creek	\$152.23
4-Month Fwd.	\$161.29
<b>B of C Ex. Rate (Noon)</b> \$1.0466 CAD/\$0.9554 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	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)	\$63.50/cwt. tagged

**Forward contract prices opened higher this morning.** US cash markets are called to open steady this morning, with the bullish factors related to good profitability and slightly lower hog numbers being offset by the bearish factor of record large carcass weights. Packers have now experienced several weeks of profitable operating margins as the pork carcass cut-out is down less than 10% from levels seen two months ago. While the carcass cut-out has been under pressure recently, the biggest positive contributor to the pork carcass cut-out has been ham values, which have been on a higher trend since early summer despite the increased supply. Lean Hog futures remain priced at a premium to the cash market, with traders still struggling to get a handle on the available hog supply. The latest report from the American Association of Swine Veterinarians, referencing the first week of November, showed the most number of farms being infected to date at 90 farms. Iowa experienced the biggest outbreak that week with 38 positive cases.

**Canadian delivered soymeal prices opened lower this morning.** Despite a blitz of bearish news and rumors for the complex that began earlier in the week, US soybean futures are trading higher as short term demand remains robust. Meanwhile, longer term pressure comes from both supply and demand fronts. Traders talk of 'a wall' or 'a wave' of supply expected from S. America and that US producers are talking about adding more acreage for next year. On the demand side, rumors that China is going to sell back or cancel some of their recent purchases and competition from Argentina (less expensive meal) is adding pressure.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher while coming off three year lows earlier in the week. Analysts cite technical short covering due to the recent lows and over-sold conditions as a factor in the turnaround. However, recent news that China rejected an unapproved variety of GM corn from the US has traders preparing for more pressure IF more of the unapproved variety is found on cargoes already en route. The US corn harvest is estimated at 91% complete.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		153.53	155.83	164.95	165.09	167.53	177.32	181.65	177.88	170.16
		156.40	163.03	165.91	168.45	173.79	185.02	186.47	185.13	176.43
Maple Leaf Sig. #4		155.35	155.74	162.62	164.14	164.10	173.95	177.68	174.87	172.26
		156.65	160.01	163.36	166.93	170.44	181.60	182.34	181.98	174.13
Soymeal Winnipeg Delivered	513	513	514	514	514					
Corn Wpg Delivered	198	200	202							

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