



Hog Margin Outlook

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Monday, November 25, 2013

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

US Slaughter	
2.345 mil.	Last Week
2.066 mil.	Last Week (year ago)
W. Corn Belt	\$77.99
National Price	\$ 82.24
Daily Sig 3	\$150.60
Daily Sig 4	\$153.78
Thunder Creek	\$150.40
4-Month Fwd.	\$165.24
B of C Ex. Rate (Noon)	
\$1.0535 CAD/\$0.9492 USD	
Cash Prices Week Ending November 22, 2013	
Signature 3	68.18/150.31
Signature 4	70.43/155.28
h@ms Cash	69.75/153.78
Hylife	69.45/153.12
Thunder Creek	70.22/154.80
ISO Weans	\$75.87 US Avg.
Feeder Pigs	\$80.43 US Avg.
#1 Export Sows (+500lbs)	\$63.50/cwt. tagged

Forward contract prices opened higher this morning.

US cash hog markets are expected to trade steady to lower this week, with the holiday reduced slaughter schedule impacting packer bids. Last week's slaughter was estimated at 2.345 million hogs, while this week is expected to come in just slightly over 2 million hogs due to Thursday's US Thanksgiving Holiday. Packers have strong incentives to maintain their production schedule, with estimated operating margins at more than \$20/head. Lean Hog futures continue to trade amid significant uncertainty relating to the hog supply and the impact of PED virus. However, both cash and nearby futures values are comparable to levels seen in both 2012 and 2011 at this time of year, suggesting that traders are reverting to normal seasonal price patterns. Since the likely expected start of the PED virus impact on hog supply, slaughter levels have averaged 2.5% lower than year ago levels, which would be on the high side of most estimates.

Canadian delivered soymeal prices opened higher this morning.

Falling from a recent rally that started on the 19th, US soybean futures are trading lower this morning. Support has recently been a function of exceptional export sales and good domestic crush margins; there is even talk that healthy crush margins could remain into the spring, led by Chinese demand for meal. Pressure comes from S. American weather forecasts which are described as 'ideal' and some profit taking.

Canadian delivered corn prices opened lower this morning.

US corn futures are trading higher amid recently low corn prices that are believed to be spurring demand for the grain. Technically, there is talk of a short covering trend but traders are questioning if the recent bounce is enough to correct for corn's oversold condition. Analysts expect any amount of good news in the trade (e.g. better than expected demand numbers) could trigger a move higher. US export sales will be released Friday morning.

Fixed Forward Range	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3			157.85 165.12	167.06 183.03	167.99 171.39	170.33 176.44	184.16 189.02	185.62 190.48	182.26 189.56	174.53 180.86
Maple Leaf Sig. #4			157.37 161.68	164.31 165.06	166.62 169.06	166.07 172.47	177.02 184.74	180.88 185.87	178.38 185.55	175.79 177.68
Soymeal Winnipeg Delivered	538	538	539	539	539					
Corn Wpg Delivered	185	185	200	200						

This information is intended to aid producers in making pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution (including email forwarding) of the HMO is strictly prohibited.

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