



Hog Margin Outlook

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Wednesday, November 27, 2013

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

US Slaughter	
436,000	Tuesday
432,000	Tuesday (year ago)
W. Corn Belt	\$80.54
National Price	\$ 81.69
Daily Sig 3	\$155.71
Daily Sig 4	\$152.92
Thunder Creek	\$155.55
4-Month Fwd.	\$166.90
B of C Ex. Rate (Noon) \$1.0547 CAD/\$0.9481 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)	\$61.50/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are called steady to slightly lower this morning as packers are content to match their slaughter schedule with producer deliveries ahead of the shutdown for US Thanksgiving holiday. Packer bids have climbed more than \$2.00/cwt in most regions so far this week, in spite of the reduced production schedule. Good operating margins, estimated to be better than \$20/head, are the largest contributor to this week's gains. Packers have managed to maintain positive operating margins even as hog numbers have been running at more than a 2% deficit from last year. Interestingly, packer owned hogs are coming to market close to 10 pounds heavier than average carcass weights, suggesting that packers are attempting to make up for a production shortfall by adding more weight to hogs that they produce. Lean Hog futures are starting this morning slightly higher, but with a large number of participants absent due to tomorrow's holiday, trade will likely be light and uneventful.

Canadian delivered soymeal prices opened higher this morning. Anecdotally, it is widely believed that soybeans traditionally trade higher approaching the US Thanksgiving weekend and this year looks to be no different. Support across all contracts comes primarily from strength in exports and a surge in meal demand but is counter to activity in other commodity markets, leaving some traders concerned about an overbought condition. There are rumors of more large Chinese cancellations ahead, spurred on by a cancellation yesterday of 300,000 MT.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher. Supportive factors include South Korean purchases and strong ethanol demand in the short term. However, pressures are on the horizon further out; Cooperative S. American weather to this point, a relatively large US crop carryout estimate approaching 2 billion bu. and the ever fickle Chinese market are events being closely watched. There was more unconfirmed talk that a non-approved GM variety was detected in another US cargo adding some pressure.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		159.77 167.08	169.03 170.00	169.46 172.87	171.81 178.15	182.31 190.13	186.71 191.59	182.76 190.07	168.84 180.97	152.78 161.06
Maple Leaf Sig. #4		159.25 163.59	166.23 166.98	167.68 170.51	167.51 173.94	178.06 185.81	181.94 186.95	178.87 186.03	170.76 177.79	154.74 165.86
Soymeal Winnipeg Delivered	577	578	578	578						
Corn Wpg Delivered	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.

A special note this week:

Forward Contracting and Feed Procurement activity will be unavailable Thursday, November 28 due to the US Thanksgiving holiday. Markets will resume Friday the 29th, but close one hour early at 11:30 AM Central.