



Hog Margin Outlook

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Monday, December 02, 2013

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

US Slaughter	
2.068 mil.	Last Week
2.398 mil.	Last Week (year ago)
W. Corn Belt	\$82.01
National Price	\$81.87
Daily Sig 3	\$159.33
Daily Sig 4	\$154.02
Thunder Creek	\$159.17
4-Month Fwd.	\$166.57
B of C Ex. Rate (Noon) \$1.0599 CAD/\$0.9434 USD	
Cash Prices Week Ending November 29, 2013	
Signature 3	69.61/153.47
Signature 4	69.59/153.41
h@ms Cash	68.91/151.91
Hylife	68.90/151.90
Thunder Creek	67.95/149.80
ISO Weans	\$77.43 US Avg.
Feeder Pigs	\$81.44 US Avg.
#1 Export Sows (+500lbs)	\$61.50/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are called to open steady to lower, as packers and producers resume their normal production and delivery schedules. Last week's holiday had a negligible impact on the cash market as Saturday's slaughter was only about 100,000 hogs short of a week day kill. The pork cut-out traded higher on Friday, and is expected to be firm for this week as the seasonal influence tends to be bullish with Christmas Holiday demand playing a dominant role in the market. Lean Hog futures are opening mostly steady this morning with no significant news coming in over the last 4 days when trading has been slow. Nearby Lean Hog futures currently reflect good value, with the February contract trading close to a \$10/cwt premium over the current cash market, when typically they are closer to a \$6.00/cwt premium. The Canadian Dollar is providing a good hedging opportunity, trading at its lowest level since 2010. As a result, winter and spring forward contract prices represent good value relative to the cash market and seasonal influences.

Canadian delivered soymeal prices opened lower this morning. Early morning US soybean futures were trading higher on continued evidence of robust export and meal demand that has pushed the commodity to highs not seen since September. However, the bean trade has since turned lower, falling approximately 1% in the nearby contracts. While soybeans typically see some support around the US thanksgiving holiday, analysts note these new levels are currently susceptible to a technical turn-around.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower. Soybean/corn spreads and near-record harvest numbers are pegged as factors in contributing to corn's relative meagre showing. There has been talk that production numbers will be adjusted upward in upcoming reports adding to the bearish tone. The weather in S. America has recently been described as ideal or favorable, adding pressure.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		159.10 166.44	168.39 169.37	169.37 172.79	171.67 178.04	182.84 190.68	187.25 192.15	184.11 191.47	170.18 181.86	153.99 162.33
Maple Leaf Sig. #4		158.61 162.97	165.62 166.38	167.61 170.45	167.38 173.83	178.57 186.35	182.46 187.49	180.19 187.41	172.11 178.67	155.96 167.17
Soymeal Winnipeg Delivered	572	573	573	573						
Corn Wpg Delivered	184	198	198							

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.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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