



Hog Margin Outlook

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Tuesday, December 03, 2013

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

US Slaughter	
440,000	Monday
433,000	Monday (year ago)
W. Corn Belt	\$81.14
National Price	\$82.58
Daily Sig 3	\$158.16
Daily Sig 4	\$155.88
Thunder Creek	\$159.07
4-Month Fwd.	\$166.11
B of C Ex. Rate (Noon) \$1.0634 CAD/\$0.9403 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)	\$59.00/cwt. tagged

Forward contract prices opened lower this morning. US cash markets are called steady following evidence of strong demand. Hog weights have remained historically high and there are reports that average weights are running around 213 lbs. or 2.8% higher than year-ago levels. Reports of cooler weather in critical finishing areas of the US has prompted some talk that the cooler temperatures could influence weights lower than currently being marketed. In summary, there is more pork currently coming to market and despite some pressures in hams and bellies, strong demand is expected to offset the larger supplies of pork. Uncertainty regarding the PED virus remains one driving factor supporting lean hog futures. The general consensus is that the current support is a function of PEDv concerns and seasonal improvements typically seen this time of year. There is even some talk that seasonal lows could already be past. Support for producer margins north of border also comes from softness in commodity markets (gold and crude oil) that have pushed the Canadian dollar to near 3-year lows.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. There is talk that technical factors may influence a long-position liquidation and that speculators may move to the sidelines into the new year. As well, supply fundamentals in S. America are leaning toward greater amounts of soybeans as there is some evidence that trouble with corn planting could positively influence bean acreage. Support comes from sustained export and crush demand.

Canadian delivered corn prices opened even this morning. US corn futures are trading higher despite recent projections for record crops, domestic and S. American alike, and the ongoing issue of Chinese officials rejecting 2 more shipments containing an unapproved GM variety for import (Syngenta MIR-162, approved elsewhere). However, recent news suggesting S. American farmers were struggling to get corn acres into the ground is adding some support to the trade.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		158.45 165.80	167.76 168.74	169.04 172.47	171.33 177.71	183.07 190.93	187.49 192.40	184.00 191.36	170.36 182.78	154.17 162.51
Maple Leaf Sig. #4		157.99 162.36	165.02 165.78	167.30 170.15	167.05 173.52	178.80 186.60	182.70 187.75	180.08 187.30	172.29 179.56	156.13 167.35
Soymeal Winnipeg Delivered	552	553	553	553						
Corn Wpg Delivered	184	198	198							

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