



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, December 16, 2013

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

US Slaughter	
2.311 mil.	Last Week
2.297 mil.	Last Week (year ago)
W. Corn Belt	\$76.26
National Price	\$81.68
Daily Sig 3	\$148.10
Daily Sig 4	\$153.60
Thunder Creek	\$147.75
4-Month Fwd.	\$166.07
B of C Ex. Rate (Noon)	
\$1.0595 CAD/\$0.9438 USD	
Cash Prices Week Ending December 13, 2013	
Signature 3	68.83/151.75
Signature 4	70.22/154.80
h@ms Cash	69.54/153.30
Hylife	69.50/153.21
Thunder Creek	70.13/154.60
ISO Weans	\$80.22 US Avg.
Feeder Pigs	\$86.98 US Avg.
#1 Export Sows (+500lbs)	\$64.50/cwt. tagged

Forward contract prices opened higher this morning. US cash markets traded steadily lower last week as packers had all the live supplies they required to meet their production schedules. Last week's slaughter was estimated at just over 2.31 million hogs, close to 15,000 larger than the same week one year ago. Carcass weights are about 3% higher than year ago levels resulting in total pork production at 490 million pounds. Ham values are expected to continue their weaker trend after losing about 12% of their value in last week's trade. The cash market weakness has not gone unnoticed by futures traders, with the nearby contracts trading at their lowest levels in months. The available hog supply remains the biggest 'unknown' for the next two months as the number of PED cases reported dipped in the mid-summer which should limit fluctuations in hog slaughter. Current winter and spring forward prices represent fair value, as they continue to trade at a significant premium to the cash market.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading in a choppy pattern, reflecting the general uncertainty in the market. There is talk that the USDA has underestimated S. American production and while S. American weather has been good and expectations are for record harvests, it has turned hotter and drier; while not considered harsh yet, traders are keeping an eye on forecasts for expected impacts on yields. As well Argentine Peso devaluation has farmers sitting on old crop, adding support.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower. There are continued fears that Chinese officials will reject more US corn citing an unapproved variety in the shipments. As well, there are reports these inspections are to include DDGs moving forward, adding uncertainty and unease in the grain trade as shipments are bound for China already. There is already talk of a 2.3-2.7 billion bu. carryout for next year adding more pressure further out.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			160.41 161.38	163.68 167.08	167.11 172.47	177.58 188.30	184.89 189.76	182.66 190.00	170.94 181.69	156.12 163.12	153.18 158.08
Maple Leaf Sig. #4			157.88 158.63	161.70 164.90	162.95 168.43	173.56 183.38	179.98 184.89	178.31 185.31	172.06 177.93	154.22 167.14	154.60 156.30
Soymeal Winnipeg Delivered	562	562	562	562	564	565					
Corn Wpg Delivered	183	187	189								

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Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 3:00 PM	Dec. 24 (Tues.)	8:30AM – 12 noon
Closed	Dec. 25 & 26 (Wed. & Thurs.)	Closed
8:00AM – 3:00 PM	Dec. 31 (Tues.)	8:30AM – 12 noon
Closed	Jan. 1 (Wed.)	Closed