



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Thursday, December 19, 2013

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

US Slaughter	
435,000	Wednesday
432,000	Wednesday (year ago)
W. Corn Belt	\$76.62
National Price	\$81.21
Daily Sig 3	\$149.50
Daily Sig 4	\$153.45
Thunder Creek	\$149.50
4-Month Fwd.	\$168.00
B of C Ex. Rate (Noon) \$1.0645 CAD/\$0.9390 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)	\$59.00/cwt. tagged

Forward contract prices opened higher this morning. US cash markets are trading at their lowest levels since mid-April, as hog carcass weights and seasonal influences have softened packer demand. Packer operating margins are estimated at better than \$25/hog, providing packers with excellent returns and an incentive to maintain a relatively large production schedule into next week's holiday reduced week. Nearby futures have now dropped to their lowest level in 4 months, erasing most of the gains that traders had built into the market to reflect a PED virus reduced herd. However, the February and April contracts continue to hold a premium over the cash market that is larger than normal for this time of year suggesting that traders believe lower supplies are still anticipated. The USDA will be releasing its 4th Quarter Hogs and Pigs report next Friday, December 27, which should help to clarify the current supply situation. However, the September report significantly overestimated the hog supply over the last two months, which may soften the market reaction to the latest data. The Canadian Dollar fell to its lowest level against the US Dollar in more than 3 three years, impacted by the Federal Reserve's decision to start 'tapering' stimulus in January.

Canadian delivered soymeal prices opened lower this morning. Nearby US soybean futures are trading lower while the deferred contracts are seeing some support on concerns that recent heat and dryness in Argentina will negatively affect yields. A major analytics firm estimated 2014 US production lower, but still at a record 3.645 billion bu., the subtext being that not as many acres will be switched to soybeans as initially thought. However, the carryout is estimated as high as 400+ million bu.

Canadian delivered corn prices opened even this morning. US corn futures are trading mixed. The ongoing Chinese-US 'GMO issue' is currently disrupting nearby trade amid much uncertainty, and with cargoes on the way to China that could be rejected, those contracts are seeing some pressure. While officials are meeting this week, there is talk the issue will not be fully addressed until late January. Pollination is expected later this year in S. America due to a late planting schedule that was a bit behind 'normal'.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			161.42 162.40	165.55 168.99	167.82 174.22	180.81 191.64	188.19 193.11	185.68 193.08	173.68 184.69	158.70 165.79	155.73 160.47
Maple Leaf Sig. #4			158.88 159.64	163.54 166.78	163.65 170.13	176.71 186.62	183.19 188.15	181.24 188.31	174.78 180.86	156.74 169.81	157.12 158.85
Soymeal Winnipeg Delivered	577	577	577	577	580	581					
Corn Wpg Delivered	178	182	182								

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.

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