



# Hog Margin Outlook

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Tuesday, December 24, 2013

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

**Forward contract prices opened mixed this morning.** US cash markets have generally come under pressure this week as tomorrow and Thursday's holidays are expected to cut weekly production by about 15%. Wholesale pork prices have already come down in response to lower demand and logistical disruptions resulting in the pork cut-out trading nearly \$5.00/cwt lower than levels seen one week ago. Yesterday, the USDA published its monthly Cold Storage report, which showed a 2.2% decline in pork inventory from year ago levels. While the report was in line with analysts' expectations and normal seasonality, stocks of bellies were nearly double that of year ago levels, which could be a factor in the coming weeks when the trade moves out of the holiday period. Nearby Lean Hog futures are trading at a better-than-average premium to the cash market, while the summer month futures have found support at the benchmark price of \$100/cwt. Forward contracting will close at 11:30am (CST) today, and will be closed tomorrow and Thursday. Merry Christmas from the Staff of us at H@MS Marketing Services

**Canadian delivered soymeal prices opened higher this morning.** Soymeal futures are trading weaker this morning, down about 1% from yesterday's highs. An optimistic view of the global economy has buoyed the soy complex in the last week of trading, but the bullish influence on the market was limited due to the belief that South American growing conditions are generally favourable for good yields. The market may see influence from fund activity in the coming days, as their net position has grown to the largest 'long' position in about a year.

**Canadian delivered corn prices opened even this morning.** Corn futures remain on their long term trend lower, with limited fundamental influences on this week's market. Chinese purchases of Corn and Dried Distillers Grains have been a positive influence on the market recently. However, large speculators continue to take a bearish perspective on the corn market, as illustrated by the latest commitment of traders report which showed a very large net 'short' position that they have accumulated over the last two months.

US Slaughter	
439,000	Monday
151,000	Monday (year ago)
W. Corn Belt	\$76.00
National Price	\$80.28
Daily Sig 3	\$147.71
Daily Sig 4	\$151.08
Thunder Creek	\$148.06
4-Month Fwd.	\$166.31
<b>B of C Ex. Rate (Noon)</b>	
\$1.0603 CAD/\$0.9431 USD	
<b>Cash Prices Week Ending December 20, 2013</b>	
Signature 3	67.36/148.50
Signature 4	69.59/153.41
h@ms Cash	68.91/151.91
Hylife	68.85/151.79
Thunder Creek	68.36/150.70
ISO Weans	\$83.65 US Avg.
Feeder Pigs	\$90.12 US Avg.
#1 Export Sows (+500lbs)	\$51.50/cwt. tagged

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			159.34 160.32	163.47 166.88	166.02 172.38	180.01 190.76	187.34 192.23	184.76 192.11	172.90 183.35	156.73 165.06	154.60 159.50
Maple Leaf Sig. #4			156.85 157.61	161.51 164.72	161.91 168.35	175.92 185.77	182.36 187.28	180.34 187.36	173.98 179.54	155.59 169.04	155.97 157.68
Soymeal Winnipeg Delivered	576	576	576	576	579	580					
Corn Wpg Delivered	178	182	182								

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