



# Hog Margin Outlook

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Friday, December 27, 2013

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

US Slaughter	
435,000	Thursday
427,000	Thursday (year ago)
W. Corn Belt	\$74.09
National Price	\$79.67
Daily Sig 3	\$144.21
Daily Sig 4	\$150.16
Thunder Creek	\$144.36
4-Month Fwd.	\$166.98
B of C Ex. Rate (Noon)	
\$1.0619 CAD/\$0.9417 USD	
Cash Prices Week Ending December 27, 2013	
Signature 3	66.77 / 147.21
Signature 4	68.74 / 151.54
h@ms Cash	68.06 / 150.04
Hylife	Unavailable
Thunder Creek	67.40 / 148.60
ISO Weans	\$83.65 US Avg.
Feeder Pigs	\$90.12 US Avg.
#1 Export Sows (+500lbs)	\$51.50/cwt. tagged

**Forward contract prices opened mixed this morning.** US cash markets are finishing this holiday shortened week slightly lower than where they started, with most US packers closed on Wednesday only, resulting in reduced demand. Wholesale pork prices have held up well against the recent increase in production, which for the month of December, exceeded year ago levels by close to 3%. Cash and Futures traders are focused mainly on this afternoon's release of the USDA Hogs and Pigs Report. A pre-report survey of traders and analysts completed by Dow Jones has average analyst expectations for the Market Hog category at 99.8% of last year's inventory, while analysts forecasted a 1% increase in the breeding herd for this report. Interestingly, the estimates for the different weight categories varied from last year's by only 0.3%, despite the uncertainty still associated with PED virus. Producers who are considering adding some protection to their spring and summer production should view any short term rallies as a pricing opportunity

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is expected to finish this week somewhat uneventfully, continuing its sideways trend. Favourable weather in South America has created a bearish bias in the market, which could lead to a good pricing opportunity as harvest gets underway in approximately 2 months. Indications of Chinese demand have diminished over the last two weeks, with no new sales from the US of significant quantity announced in the last few weeks.

**Canadian delivered corn prices opened even this morning.** Corn futures are finding mild support in trade this morning, with ideas of increased domestic feed usage providing some of the rationale. Larger than anticipated cattle and hog numbers may have analysts rethink their 'feed demand' number, especially after this afternoon's report on hog inventory. Charts suggest that the corn market has found support at current levels after falling close to \$1.50/bushel or about 25% in the previous 6 months.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			159.70 160.68	164.35 167.79	166.67 173.06	180.69 191.51	188.07 192.99	184.65 192.03	172.65 183.53	156.41 164.78	153.72 158.62
Maple Leaf Sig. #4			157.22 157.98	162.38 165.62	162.54 169.02	176.60 186.50	183.07 188.02	180.24 187.29	173.76 179.72	154.74 168.80	155.12 156.82
Soymeal Winnipeg Delivered	575	575	575	575	577	578					
Corn Wpg Delivered	178	182	182								

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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