



Hog Margin Outlook

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Tuesday, December 31, 2013

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

US Slaughter	
439,000	Monday
359,000	Monday (year ago)
W. Corn Belt	\$77.10
National Price	\$80.28
Daily Sig 3	\$150.37
Daily Sig 4	\$151.61
Thunder Creek	\$150.60
4-Month Fwd.	\$165.68
B of C Ex. Rate (Noon) \$1.0640 CAD/\$0.9398 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	68.09 / 150.11
Thunder Creek	67.40 / 148.60
ISO Weans	\$82.54 US Avg.
Feeder Pigs	\$92.32 US Avg.
#1 Export Sows (+500lbs)	\$57.50/cwt. tagged

Forward contract prices opened lower this morning. US cash markets are starting the week slightly higher, reflecting the desire by packers to fill their intended slaughter schedule. Wholesale pork prices have recovered some of their pre-holiday losses, providing an incentive for packers to chase supplies. Yesterday, Lean Hog futures trade was dominated by the results of last week's Hogs and Pigs reported, which had the deferred month contracts gain against the nearby contracts. Traders were surprised by the 1.1% decline in the breeding herd number, as producers have had strong incentive to expand production. Summer month contracts could see further gains in the coming days as traders will continue to factor in the large number of PED virus cases that have been reported, but not captured on the latest Hogs and Pigs report. The Canadian Dollar continues to trade at the low end of its 3 month trading range, but could break even lower should the US economy continue to show signs of good growth. Forward contracting will be closed tomorrow in celebration of New Year's Day. The staff of h@ms Marketing would like to wish everyone a prosperous 2014!

Canadian delivered soymeal prices opened lower this morning. Recent rain has added much needed moisture to critical growing areas of S. America, now suspected to have covered (and relieved) 75% to 80% of the combined crop. There is some concern that heat will return to the region as early as tomorrow. There are preliminary reports that soybean harvesting has begun in the Mato Grasso region of Brazil, one of the area's largest producing regions, but pricing pressure due to increased supply is not expected until spring.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower amid sustained pressure on both the supply and demand sides including more normal Argentine weather, increased farmer sales, continued rejections by China, less demand from ethanol producers and talk that feed usage is overestimated by the USDA. Mild support comes from talk of rebalancing record short positions and some dryness concerns in Argentina, but the prospect of an overabundance of corn is keeping the upside in check.

Fixed Forward Range	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3			157.83 159.78	162.45 165.87	164.67 171.02	179.19 189.93	186.51 191.40	184.58 191.94	173.12 183.74	158.07 165.27	155.13 160.04
Maple Leaf Sig. #4			156.33 158.41	160.90 164.12	161.92 167.41	175.13 184.97	181.56 186.48	180.17 187.19	174.19 179.92	153.11 169.25	156.49 158.20
Soymeal Winnipeg Delivered	572	572	572	572	574	575					
Corn Wpg Delivered	180	182	184								

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