



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

# Hog Margin Outlook

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Thursday, May 09, 2013

US Slaughter	
411,000	Wednesday
416,000	Wednesday (year ago)
W. Corn Belt	\$91.09
National Price	\$90.57
Daily Sig 3	\$167.35
Daily Sig 4	\$161.13
Thunder Creek	\$168.37
4-Month Fwd.	\$158.77
1 Export Sows (+500lbs) \$ 40.50 cwt.	
<b>B of C Ex. Rate (Noon)</b> \$1.0023CAD/\$0.9977 USD	
<b>Cash Prices: Week Ending May 3, 2013</b>	
Signature 3	71.74/158.16
Signature 4	69.28/152.74
h@ms Cash	68.60/151.24
Hylife	67.99/149.88
Thunder Creek	69.04/152.20
ISO Weans	\$27.90 US Avg.
Feeder Pigs	\$57.44 US Avg.

**Forward contract prices opened lower this morning.** US cash markets advanced again yesterday, posting the highest cash market price seen so far in 2013. As hog supplies tighten in line with the normal seasonal trend, packers have been competing for the hogs not previously committed by upping their cash bids. However, wholesale pork prices have not been moving in the same direction, resulting in a growing negative margin on the portion of their production that is sold into the open market (estimated at \$7/hog). When this occurs, the smaller and less integrated packers are at a disadvantage and start to cut their production schedules. Lean Hog futures remain cautious about moving higher, as traders expect a correction in the cash market to reflect the weaker wholesale pork prices. The fall and early winter month forward prices reflect fair value given the still uncertain outlook in exports and the negative implications on the domestic market.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. Support comes from a US interior basis described as 'explosive' and a strong crush demand. Ending stocks are expected to be 2 million bu. lower than current estimates at 123 million bu.; the WASDE report will be released tomorrow at noon, Eastern. Shipments of beans to the US east coast from Brazil are expected to only have a minimal effect on basis east of the Mississippi but leave no lasting price effect.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading higher. There is talk that the market hasn't priced in production losses due to weather yet as yesterday's trend lower implied. However, late plantings are still 'front and centre' in the minds of many traders, adding to uncertainty and the recent choppy trade. The WASDE report will likely provide some direction when released tomorrow; traders are expecting production estimates of 1.99 billion bushels.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
(Maple Leaf Sig. #3)		160.51 163.74	162.59 164.90	154.34 162.04	146.50 148.34	140.22 147.61	131.25 139.26	134.02 136.80	135.82 141.40	141.87 145.12
(Maple Leaf Sig. #4)		160.34 163.55	162.64 163.89	157.24 162.10	147.58 154.20	143.84 148.31	133.37 141.24	135.33 138.91	136.75 139.81	142.33 145.39
Soymeal Delivered	525	503	504	508	508					
Corn Delivered	281	283	285							

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