

Friday, May 10, 2013

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

US Slaughter	
412,000	Thursday
419,000	Thursday (year ago)
W. Corn Belt	\$90.12
National Price	\$91.45
Daily Sig 3	\$165.64
Daily Sig 4	\$162.77
Thunder Creek	\$165.32
4-Month Fwd.	\$158.85
1 Export Sows (+500lbs) \$ 40.50 cwt.	
B of C Ex. Rate (Noon) \$1.0027AD/\$0.9973 USD	
Cash Prices: Week Ending May 10, 2013	
Signature 3	74.79/164.88
Signature 4	72.71/160.29
h@ms Cash	72.03/158.79
Hylife	n/a
Thunder Creek	72.62/160.10
ISO Weans	\$27.90 US Avg.
Feeder Pigs	\$57.44 US Avg.

Forward contract prices opened mixed this morning. US cash markets are finishing the week on a lower note, but are maintaining most of the gains seen early in the week. This week's slaughter is expected to be about 30-40 thousand hogs fewer than last week, a larger weekly drop than is typical at this time of year. After the estimated margin for packers dropped to a \$7.00 per hog loss around mid-week, the combination of lower cash bids and a higher pork cut-out contributed to an improvement that puts margin on meat close to a breakeven without factoring in the value by product or production costs. Lean Hog futures have come under pressure, as traders question how sustainable recent gains are amid the weak export sales. Futures are offering no premium to the current cash market, suggesting that any further gains will be limited. The Canadian Dollar is trading lower today, pressured by lackluster results in the most recent jobs data that showed Canada's unemployment rate unchanged at 7.2%.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading mixed. Nearby support comes from sustained basis levels that are currently viewed as particularly strong; meal basis also remains strong and supports the crush demand. Analysts are focused on the release of the WASDE report today which is expected to revise US ending stocks lower by 2 million bu. to 123 million bu.; anything below 120 million is viewed as supportive. South American production is also expected to be revised downward but still among top levels.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower. It is not widely expected that the WASDE report will factor delayed planting just yet but there is talk of a 3bu./acre decrease in yield in this report. Nonetheless, production forecasts remain relatively high, adding pressure. The expected estimate is 1.99 billion bu., lower than projections at the USDA Outlook Conference, but still viewed as a bearish influence for the longer term. Many traders expect focus to return to the weather if there are no surprises in WASDE today.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
(Maple Leaf Sig. #3)		160.18 163.43	162.44 164.77	154.58 162.41	146.65 148.52	140.42 147.90	131.74 137.81	134.54 137.34	135.78 141.40	141.86 145.14
(Maple Leaf Sig. #4)		160.07 163.31	162.54 163.81	157.54 162.51	147.79 154.47	144.13 148.65	133.90 141.86	135.89 139.51	136.74 139.82	142.36 145.44
Soymeal Delivered	528	529	531	537	537	413	411	411		
Corn Delivered	277	279	281							

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