

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

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, May 13, 2013

For details call: (204)235-2237 or visit
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| US Slaughter | |
|--|-------------------------|
| 2.078 mil. | Last Week |
| 2.089 mil. | Last Week (year ago) |
| W. Corn Belt | \$87.50 |
| National Price | \$92.07 |
| Daily Sig 3 | \$162.38 |
| Daily Sig 4 | \$165.45 |
| Thunder Creek | \$162.44 |
| 4-Month Fwd. | \$158.60 |
| 1 Export Sows (+500lbs) \$ 40.50 cwt. | |
| B of C Ex. Rate (Noon) \$1.0124 CAD/\$0.9877 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 | 71.54/157.72 |
| Thunder Creek | 72.62/160.10 |
| ISO Weans | \$27.24 US Avg. |
| Feeder Pigs | \$55.52 US Avg. |

Forward contract prices opened mixed this morning.

Cash markets are starting the week near steady after Friday's sharp drop packer bids. The price correction experienced late last week was anticipated as packers were losing an estimated \$4.00 per hog in their meat margin, which was at the lower end of the range over the last two weeks. Hog numbers were tighter than was anticipated, with last week's slaughter dropping 20,000 head from the week previous to end up at 2.078 million hogs. Given that more of this product is being sold in the domestic market due to slow export sales, cut-out prices have held up well over the last month. However, futures traders are cautious about adding any value to the nearby contracts until some improvement is seen in export volumes. Sales to China have yet to recover to year ago levels, as new certification requirements for being ractopamine free have added uncertainty and cost to this important marketing channel.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading higher. Despite support this morning, Friday's WASDE report was largely viewed as bearish by the market. Domestic crush demand remained unchanged as did the 2012/13 carryout stocks; the expectation was 2 million bu. lower. As well, 2013/14 ending stocks were estimated higher at 265 million bu., and although yields were adjusted slightly lower, the production forecast is still estimated at a record 3.39 billion bushels.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading higher. Support for the commodity carries over from strength in the overnight markets and weather related planting delays. However, as with soybeans, the general outlook is considered bearish. Friday's WASDE report estimates exceeded market expectations. Estimates for 2012/13 carryout were raised to 759 million from 749 million bu. and the 2013/14 ending stocks estimate was raised from 1.99 billion to 2.004 billion bushels.

| Fixed Forward Range | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|----------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (Maple Leaf Sig. #3) | | 160.35 163.59 | 162.41 164.73 | 154.06 161.89 | 146.17 148.02 | 139.81 147.25 | 130.99 137.03 | 133.78 136.56 | 135.49 141.09 | 141.56 144.83 |
| (Maple Leaf Sig. #4) | | 160.21 163.44 | 162.48 163.74 | 157.00 161.98 | 147.30 153.95 | 143.49 147.99 | 133.14 141.06 | 135.12 138.72 | 136.45 139.52 | 142.05 145.12 |
| Soymeal Delivered | 522 | 523 | 524 | 530 | 530 | 405 | 404 | 404 | | |
| Corn Delivered | 286 | 288 | 290 | | | | | | | |

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