



# Hog Margin Outlook

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Wednesday, May 15, 2013

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

| US Slaughter   |                       |
|--|-----------------------|
| 410,000  | Tuesday               |
| 415,000  | Tuesday<br>(year ago) |
| W. Corn Belt   | \$89.86               |
| National Price   | \$92.28               |
| Daily Sig 3  | \$167.15              |
| Daily Sig 4  | \$166.22              |
| Thunder Creek  | \$167.11              |
| 4-Month Fwd.   | \$162.30              |
| 1 Export Sows (+500lbs)                                    | \$ 43.00 cwt.         |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0148 CAD/\$0.9854 USD |                       |
| <b>Cash Prices: Week Ending<br/>May 10, 2013</b>           |                       |
| 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 higher this morning.

US cash markets are trading higher, recovering most of the losses experienced late last week. Packers appear to be content operating with a zero meat margin, as gains in the cut-out have been matched by what they are paying for live supplies. Packers continue to be aggressive in sourcing supplies beyond this week, possibly indicating a view that cash prices will remain firm despite slightly depressed wholesale pork prices. Lean Hog futures have been more optimistic in recent days, with traders adding about \$1.50/cwt. to the summer month contracts. Further gains to the nearby contracts maybe limited as the seasonal tightness in pork supplies has not materialized, with hog numbers firm and weights experiencing significant gains. The combination of higher Lean hog futures and a lower Canadian Dollar has summer month forward prices approaching the highest levels experienced in the last month.

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading mixed. Nearby support comes from technical trading amid profit taking, localized (US) supply tightness, and news that Brazilian port workers have walked off the job at three main ports. With only 6% of the intended crop planted, there is still some support in new crop futures. However, the recent cool, wet weather has yet to impact new crop futures in a meaningful way and many analysts are projecting an additional 1 million planted acres of soy.

## Canadian delivered corn prices opened even this morning.

US corn futures are trading mixed. Like soy, there is support in the nearby trade amid profit taking. Yesterday's Weekly Weather and Crop Bulletin reported that farmers got another 16% of the intended crop in the ground for a total of 28% corn planted; the lowest percentage planted as of May 12 was 31% in 1995. However, farmers are actively planting around the clock amid a briefly drier period within areas of the Corn Belt as soil temperatures have risen above the critical 50° F.

| Fixed Forward Range  | May | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              | Jan              | Feb              |
|----------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (Maple Leaf Sig. #3) |     | 165.32<br>168.59 | 166.81<br>169.16 | 156.61<br>165.41 | 148.65<br>150.53 | 142.32<br>149.82 | 133.13<br>139.23 | 135.94<br>138.76 | 137.29<br>142.92 | 143.39<br>146.68 |
| (Maple Leaf Sig. #4) |     | 165.07<br>168.33 | 166.80<br>168.06 | 159.54<br>165.44 | 149.75<br>156.46 | 145.99<br>150.53 | 135.28<br>143.26 | 137.27<br>140.90 | 138.22<br>141.31 | 143.86<br>146.95 |
| Soymeal Delivered    | 524 | 525              | 526              | 533              | 533              | 409              | 408              | 408              |                  |                  |
| Corn Delivered       | 286 | 288              | 290              |                  |                  |                  |                  |                  |                  |                  |

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