



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

Hog Margin Outlook

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Wednesday, May 22, 2013

US Slaughter	
411,000	Tuesday
418,000	Tuesday (year ago)
W. Corn Belt	\$91.42
National Price	\$93.50
Daily Sig 3	\$172.21
Daily Sig 4	\$170.57
Thunder Creek	\$173.09
4-Month Fwd.	\$162.59
1 Export Sows (+500lbs) \$ 48.00 cwt.	
B of C Ex. Rate (Noon) \$1.0277CAD/\$0.9730 USD	
Cash Prices: Week Ending May 17, 2013	
Signature 3	75.09/165.55
Signature 4	75.49/166.42
h@ms Cash	74.81/164.92
Hylife	74.89/165.11
Thunder Creek	74.93/165.20
ISO Weans	\$27.24 US Avg.
Feeder Pigs	\$55.52 US Avg.

Forward contract prices opened higher this morning. US cash markets are trading steady this morning, following gains from earlier this week. The available hog supply has shrunk to about 410,000 hogs per day, forcing packers to compete and keeping operating margins very tight. Packers that have extensive processing facilities and a recognizable brand are better positioned to remain profitable during times when meat margins are tough. However, operations that are selling most of their product into the wholesale market could struggle unless they are able to access premium export markets. Lean hog futures have seen influence from bullish cattle markets, as wholesale beef prices reached a new high yesterday. Improvement in the pork cut-out will likely be needed in order for the nearby contracts to see further gains. The Canadian Dollar has seen weakness after wide speculation that the US Federal Reserve may reduce or eliminate their stimulus program known as quantitative easing.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading mixed. High spot prices and nearby futures markets are currently features of a trade experiencing tight supply, strong crush demand and South American supply chain issues. There is talk that the US is now expected to import greater bean quantities on the east coast than current USDA forecasts. South American beans are trading at a discount to the US variant, but markets remain supported amid a persistent Argentine port workers' strike and rumors of another looming in Brazil.

Canadian delivered corn prices opened higher this morning. US corn futures are trading mixed. Following Monday's bearish Crop Progress report which noted a record 43% planted in one week, attention is again turning to the weather. Light showers in planted areas are expected to support the new crop, but analysts also note that June and July weather patterns are critical to growing success. Traders remain bearish for new crop, with forecasters calling for normal precipitation levels in most of the Corn Belt, exceptions being states situated west.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
(Maple Leaf Sig. #3)		168.88 171.24	168.47 170.84	159.52 166.95	151.47 153.36	144.65 152.21	136.05 142.19	138.89 141.72	139.99 145.67	146.15 149.46
(Maple Leaf Sig. #4)		167.65 170.94	168.46 169.74	162.44 166.99	152.54 159.33	148.31 152.89	138.15 146.21	140.17 143.83	140.88 144.00	146.57 149.69
Soymeal Delivered	556	556	557	563	563	421	420	420		
Corn Delivered	297	299	301							

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