



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

# Hog Margin Outlook

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Thursday, May 23, 2013

US Slaughter	
413,000	Wednesday
420,000	Wednesday (year ago)
W. Corn Belt	\$87.05
National Price	\$93.72
Daily Sig 3	\$164.88
Daily Sig 4	\$171.89
Thunder Creek	\$173.09
4-Month Fwd.	\$164.58
1 Export Sows (+500lbs)	\$ 48.00 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0333 CAD/\$0.9677 USD	
<b>Cash Prices: Week Ending May 17, 2013</b>	
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.** Cash and futures markets experienced significant volatility in trade yesterday, with some cash regions reporting a \$5.00/cwt. drop in packer bids while the nearby Lean Hog futures contract gained more than \$2.00/cwt. It is not uncommon to see variance from one cash market region to another, however yesterday's difference suggests that a packer made a shift from their normal buying program, possibly to address the prolonged period of unprofitable operations. A symptom of the current situation is the abundant supply of pork that is currently in Cold Storage. US pork in cold storage as of April 30 was reported as 6% larger than last year and the largest monthly total in recent history. While the supply of cuts like hams and ribs are up more than 10%, bellies remain in short supply with 25% less in storage than year ago. The Canadian Dollar traded at the lowest level in close to a year, amid speculation of the US Federal Reserve's stimulus program ending. The combination of higher lean hog futures and a lower Canadian Dollar resulted in some of the highest forward contract prices in months.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading mixed. There are reports of weakening interior basis levels but soybean futures remain robust. Tight US supplies have been exacerbated by a 3-day old Argentine port strike which has slowed imports into the US. There are rumors that China is about to buy 600,000 MT of mostly new crop US beans. There is also talk that soymeal may be difficult to source past July inferring that old crop prices will remain supported for some time.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Economic data coming out of China has had a cooling effect on commodities this morning as an economic contraction was reported for the first time in 7 months. However, corn futures remain relatively strong and were supported yesterday by a reported jump in ethanol production to the highest levels in almost a year rumored as result of a jump in demand for E85. Recent export sales numbers also offered some support.

Fixed Forward Range	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
(Maple Leaf Sig. #3)		171.53 173.90	170.57 172.94	160.69 168.67	152.62 154.52	152.49 153.92	137.61 143.90	140.47 143.32	142.08 147.83	148.31 151.66
(Maple Leaf Sig. #4)		170.24 173.54	170.50 171.79	163.61 168.67	153.68 160.48	149.97 154.58	139.71 147.82	141.74 145.42	142.97 146.12	148.72 151.87
Soymeal Delivered	564	563	565	570	570	428	425	425		
Corn Delivered	297	299	301							

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WINNIPEG LIVESTOCK  
HWY #6 AND RD 236

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