

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

Hog Margin Outlook

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Monday, June 03, 2013

Forward contract prices opened lower this morning. Packers are starting the week with their freezers relatively full after a weekend slaughter of close to 200k hogs due to last week's Memorial Day holiday. Working from the same playbook for the last several weeks, packer bids were up early in the week, steady mid-week and down on Friday, near where they ended the previous week. Expectations are for much of the same this week, but with packers looking to leverage their current supply, early week gains may be stunted. Wholesale prices continue to perform reasonably well, with strong belly prices providing the most support. Lean Hog futures appear content at a premium to the cash market of about \$4.00/cwt. The nearby contracts are trading near their highest level in close to 4 months. Deferred month contracts remain fairly priced, currently trading at near a \$10/cwt. discount to the current cash market. The Canadian Dollar is trading almost 4 cents lower than month ago levels, with traders continuing to question the Canada's economic fundamentals.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is up sharply this morning, responding to the poor planting conditions that linger through much of the Midwest. At this time of year, planting progress for soybeans is normally around 80% complete however most traders don't anticipate progress to be much beyond 55% complete in tomorrow's Crop Progress Report. While demand factors remain dynamic for the soy complex, the trade is focused on the supply factors that will determine the size of this year's crop.

Canadian delivered corn prices opened higher this morning. Corn futures are seeing influence from the soybean and wheat markets this morning, both of which are experiencing gains in early morning trade. The remaining acres of corn to be planted were likely only marginally reduced as wet weather throughout the northern portions of the Corn Belt prevented field work from being completed. New crop futures have experienced a rally of about 12% over the last 2 weeks, with ideas of a short supply providing the support.

US Slaughter	
1.687 mil.	Last Week
1.685 mil.	Last Week (year ago)
W. Corn Belt	\$90.78
National Price	\$94.34
Daily Sig 3	\$172.04
Daily Sig 4	\$173.13
Thunder Creek	\$172.36
4-Month Fwd.	\$163.38
1 Export Sows (+500lbs)	\$ 50.50 cwt.
B of C Ex. Rate (Noon) \$1.0339CAD/\$0.9672USD	
Cash Prices: Week Ending May 31, 2013	
Signature 3	78.63/173.34
Signature 4	78.27/172.55
h@ms Cash	77.59/171.05
Hylife	77.66/171.22
Thunder Creek	77.02/169.80
ISO Weans	\$25.17 US Avg.
Feeder Pigs	\$51.18 US Avg.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		171.39 173.76	162.72 170.79	154.66 156.55	148.85 156.48	140.16 146.37	143.03 145.89	144.19 149.91	150.38 153.72	149.30 151.68
(Maple Leaf Sig. #4)		170.93 172.22	165.57 170.34	155.64 162.44	151.90 156.52	141.64 149.77	143.68 147.37	144.43 147.56	150.14 153.28	150.29 152.32
Soymeal Delivered	574	575	581	581	476	476	476			
Corn Delivered	290	292	294							

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