

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

# Hog Margin Outlook

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Tuesday, June 04, 2013

**Forward contract prices opened mixed this morning.** US packers struggled to find live supplies to meet their kill requirements, resulting in nearly a \$3.00/cwt. increase in their posted cash bids. Cash markets have outperformed most analysts' expectations with no one factor providing the rationale for the recent gains. Later today, export sales data will be released for the month of April and it is expected to show a deficit in volume from year ago levels. Recently, the USDA started publishing weekly export sales volumes for pork, but the data is not yet deemed reliable, leaving analysts with the delayed monthly reports for the time being. Lean Hog futures are seeing support from the cash market and were resistant to the declines seen in the cattle market yesterday. Nearby contracts are trading at the highest level experienced since early February and about \$8 higher than levels seen two months ago. The fall month contracts have not experienced the same gains as traders are cautious about whether export markets can maintain volumes comparable to year ago levels.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures opened lower. A Chinese sell-off and a relatively favourable crop progress report (the 18-state average is 74%) are adding pressure to the trade. However, recent rain and persistent wetness in critical growing areas are preventing significant headway in soybean planting and adding support; the 5-year average is 82%. Domestic crush demand remains strong, also adding support.

**Canadian delivered corn prices opened higher this morning.** US corn futures opened lower. Yesterday's Crop Progress report indicated 91% planted which was slightly below market expectations; 18-state, 5-year average is 95%, last year planting was complete. There is talk that market analysts are revising expected acreage lower by 3-5 million acres due to persistent moisture saturation but still expect a 1.6 billion bushel carryout, a significant improvement over last year.

US Slaughter	
402,000	Monday
408,000	Monday (year ago)
W. Corn Belt	\$95.12
National Price	\$94.84
Daily Sig 3	\$179.43
Daily Sig 4	\$173.25
Thunder Creek	\$179.29
4-Month Fwd.	\$163.97
1 Export Sows (+500lbs)	\$ 51.50 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0291CAD/\$0.9717 USD	
<b>Cash Prices: Week Ending May 31, 2013</b>	
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	\$25.65 US Avg.
Feeder Pigs	\$45.92 US Avg.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		172.75 175.12	163.15 171.57	155.08 156.98	148.75 156.37	140.14 146.33	143.00 145.86	145.92 150.21	150.68 154.02	149.60 151.98
(Maple Leaf Sig. #4)		172.25 173.54	165.99 171.11	156.06 162.87	151.79 156.40	141.61 149.72	143.64 147.33	144.72 147.85	150.44 153.58	150.59 152.62
Soymeal Delivered	568	569	575	575	468	466	466			
Corn Delivered	296	298	300							

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