

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

Hog Margin Outlook

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Thursday, June 06, 2013

US Slaughter	
408,000	Wednesday
403,000	Wednesday (year ago)
W. Corn Belt	\$95.64
National Price	\$96.31
Daily Sig 3	\$181.36
Daily Sig 4	\$176.85
Thunder Creek	\$181.78
4-Month Fwd.	\$165.86
1 Export Sows (+500lbs)	\$ 51.50 cwt.
B of C Ex. Rate (Noon)	
\$1.0345 CAD/\$0.9667 USD	
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	\$25.65 US Avg.
Feeder Pigs	\$45.92 US Avg.

Forward contract prices opened higher this morning. US cash prices are expected to come under pressure this morning, consistent with the recent trend of gains early in the week followed by losses at week's end. Gains in the cash market combined with losses to wholesale pork prices have resulted in estimated packer margins moving into negative territory from which packers will attempt to recover by dropping cash bids. The USDA released April's export sales data yesterday with data reflecting a lower trend consistent with recent months. The US shipped 14% less pork globally than it did one year ago, with the biggest declines coming from China/Hong Kong (down 35%); sales to Russia were noted as almost nonexistent. As other evidence suggested, pork sales largely consisting of hams to Mexico were higher by about 12% over April 2012. The market reaction to the export data was muted with no big surprises. Traders are choosing to focus on the more current gains in the cash market and the possibility of a tighter fall supply with the ongoing spread of the PED virus.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading mixed. There is much volatility in the old crop trade with some analysts revisiting the earlier notion that demand could outstrip supply; some have stated that the US is simply crushing too many beans. There is evidence that more soybeans are destined for the US east coast from South America, and increasingly from Paraguay, as a result of favourable spreads. There are rumors China is pricing beans due to commitments to buy made earlier.

Canadian delivered corn prices opened higher this morning. US corn futures are trading mixed. Ethanol production remains supportive for the old crop trade. Although production was down from last year, it was up 2.6% over last week amid good margins for producers. There are reports that Chinese traders have bought 2.5 million tonnes of US new crop corn. But, analysts are still predicting a bearish trend for the new crop, especially as weather turns more favourable in critical growing areas.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		175.44 177.81	164.60 174.01	156.52 158.42	150.10 157.72	140.82 147.01	143.68 146.54	144.19 149.91	150.38 153.72	149.20 151.58
(Maple Leaf Sig. #4)		174.86 176.15	167.40 173.48	157.46 164.27	153.10 157.71	142.27 150.38	144.30 147.99	144.43 147.56	150.14 153.28	150.20 152.23
Soymeal Delivered	569	570	575	575	459	458	458			
Corn Delivered	298	300	302							

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