

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

Hog Margin Outlook

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Friday, June 07, 2013

US Slaughter	
400,000	Thursday
396,000	Thursday (year ago)
W. Corn Belt	\$94.46
National Price	\$96.61
Daily Sig 3	\$177.27
Daily Sig 4	\$175.57
Thunder Creek	\$177.17
4-Month Fwd.	\$164.05
1 Export Sows (+500lbs) \$ 51.50 cwt.	
B of C Ex. Rate (Noon) \$1.0238 CAD/\$0.9767 USD	
Cash Prices: Week Ending June 7, 2013	
Signature 3	80.59/177.67
Signature 4	79.29/174.81
h@ms Cash	78.61/173.31
Hylife	n/a
Thunder Creek	78.97/174.10
ISO Weans	\$25.65 US Avg.
Feeder Pigs	\$45.92 US Avg.

Forward contract prices opened lower this morning. US cash markets took back some of the early week gains in yesterday's trade and are opening steady to lower in some regions again this morning. Meat margins are hovering near breakeven levels with the value of primal cuts equating to the amount paid for the live hogs. Hog numbers have tightened over the last couple of weeks, but weights have offset this trend by climbing close to 2 lbs., or about 1%. Domestic demand for fresh pork appears to be in good shape, but export sales continue to struggle and will likely be the limiting factor to further gains. Lean Hog futures rallied in trade yesterday with some of the summer month contracts gaining over \$1.00/cwt. Traders are referencing the relatively firm cash market for the gains in the nearby contracts, but remain cautious in adding more value to the fall months. Fall month forward contracts are making slow but consistent gains, and are now trading within \$5.00/ckg of 2013 highs not seen since January.

Canadian delivered soymeal prices opened mixed this morning. US soy futures are trading higher. "Relentless and unsustainable" are being used to describe old crop meal sales amid a strong crush demand. Cumulative meal sales are at 102.5% compared to the 83% 5-year average - cumulative bean sales are at 99.7%. There is talk that China is buying new crop beans at a "staggering pace". Also adding support for the new crop is the slower than average planting pace exacerbated by a wetter 5-day forecast for key growing areas in the northwest Corn Belt.

Canadian delivered corn prices opened lower this morning. US corn futures are trading higher. Acreage rededicated to soybeans (as a result of wet weather), crop conditions including yields, and future weather patterns are all factors contributing to uncertainty in a currently choppy trade. Analysts are expecting an acreage loss of 3-5 million acres at present - 3 million would be the largest revision in the past 20 years. Slightly more certainty should come to the trade following the release of the Quarterly Stocks and Acreage reports due June 28.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		173.63 175.98	162.66 172.23	154.70 156.57	148.47 155.98	139.73 145.84	142.55 145.37	143.43 149.09	149.56 152.87	148.28 150.64
(Maple Leaf Sig. #4)		173.04 174.31	165.42 171.68	155.61 162.33	151.41 155.96	141.13 149.14	143.13 146.77	143.64 146.75	149.31 152.42	149.56 151.27
Soymeal Delivered	564	566	572	572	468	468	468			
Corn Delivered	296	298	300							

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