

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

Hog Margin Outlook

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Monday, June 10, 2013

US Slaughter	
2.018 mil.	Last Week
2.005 mil.	Last Week (year ago)
W. Corn Belt	\$95.53
National Price	\$97.01
Daily Sig 3	\$178.78
Daily Sig 4	\$175.82
Thunder Creek	\$179.56
4-Month Fwd.	\$165.07
1 Export Sows (+500lbs)	\$ 51.50 cwt.
B of C Ex. Rate (Noon) \$1.0210 CAD/\$0.9794 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	79.07/174.31
Thunder Creek	78.97/174.10
ISO Weans	\$26.54 US Avg.
Feeder Pigs	\$46.97 US Avg.

Forward contract prices opened higher this morning. US cash markets are expected to start the week slightly higher from Friday's trade, hitting new highs for 2013 and exceeding year ago levels by about 7%. The sustained rally in hog prices over the last month is impressive given the abundant supply of pork in cold storage and slow sales to multiple export markets. Pork is currently priced favourably in the domestic market compared to chicken and beef and has positively contributed to the move, but further gains may be limited in the short term by tight packer operating margins. Lean Hog futures are called to open steady to higher, with the nearby contracts trading at a slight premium to the cash market. Fall month contracts are trading at a \$10/cwt. discount to the current cash market, slightly larger than the seasonal average at this time of year as traders remain concerned about the state of the export market. Given that futures are putting in new, near term highs and that the Canadian Dollar remains in the middle of its 2013 trading range, forward prices reflect fair value considering all of the fundamentals.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. Factors influencing the move lower are weaker import numbers from China and the expectation that US planted acreage will come in between 70% and 75% compared to 57% last week. The 10-year average at this time is about 87%. Wetter weather forecast for the next 5 days is providing some support, but 2013/14 estimated ending stocks (270 million bu.) and carryout (160 million bu.) are still higher than last year.

Canadian delivered corn prices opened lower this morning. US corn futures are trading lower. With 93%-95% of the crop expected to be planted this week, forecast showers in the Corn Belt are generally viewed as positive for crop development and is subsequently pressuring the trade. As well, temperatures are non-threatening for the week and a good/excellent condition is expected to range between 65% and 68% compared to 66% last year; the 10-year average is 69%. Crop Progress report is released today at 4:00 PM Eastern.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		176.16 178.51	163.18 173.78	155.21 157.09	148.98 156.50	140.24 146.35	143.06 145.88	143.53 149.19	149.66 152.96	148.00 150.36
(Maple Leaf Sig. #4)		175.49 176.77	165.92 173.19	156.11 162.83	151.92 156.47	141.63 149.64	143.63 147.27	143.74 146.84	149.40 152.51	148.98 150.99
Soymeal Delivered	557	558	564	564	465	465	465			
Corn Delivered	286	288	290							

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