

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

Hog Margin Outlook

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Monday, June 17, 2013

US Slaughter	
1.949 mil.	Last Week
1.595 mil.	Last Week (year ago)
W. Corn Belt	\$97.79
National Price	\$101.36
Daily Sig 3	\$182.42
Daily Sig 4	\$183.10
Thunder Creek	\$181.77
4-Month Fwd.	\$161.72
#1 Export Sows (+500lbs)	\$ 51.00 cwt.
B of C Ex. Rate (Noon) \$1.0177 CAD/\$0.9826 USD	
Cash Prices: Week Ending June 14, 2013	
Signature 3	84.23/185.70
Signature 4	80.61/177.72
h@ms Cash	79.93/176.22
Hylife	80.64/177.77
Thunder Creek	81.33/179.30
ISO Weans	\$28.08 US Avg.
Feeder Pigs	\$49.37 US Avg.

Forward contract prices opened mixed this morning. US cash prices were in flux on Friday, as all cash market regions fell between \$4.00 - \$5.00/cwt. as packers took action to bring their operating margins into line. Packer operating margins experienced the biggest one day shift in years after wholesale pork prices rallied by over \$3.00/cwt., resulting in a one day \$16/hog change to packer profitability. For the last two months, packer profitability has been under pressure with cash bids outpacing gains in wholesale pork prices. The gains in the pork cut-out have been supportive to the nearby Lean Hog futures, but the setback in cash bids on Friday has tempered the gains. Fall and winter month forward contracts are deeply discounted from the current cash market, the largest in 15 years. Traders remain concerned about market fundamentals when the fall hog supplies ramp up as pork exports show little sign of recovery from the 15% decline in sales volumes seen in the last few months. The cash market sustained at current levels for a month would give the market more confidence in adding value to the prices for the last half of 2013.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. A favourable weather forecast and talk of improved planting progress over the weekend is adding pressure. Around 90% could be in the ground (up from 71% last Monday) and would be in line with historical levels; the 10-year average is 92% and the 20-year average is 89%. The Crop Progress report will be released today at 4:00 PM, Eastern. Rumors of Chinese bean cancellations are also adding pressure.

Canadian delivered corn prices opened higher this morning. US corn futures are trading mixed. There is talk that traders will pay less attention to persistent planting delays as a means of price discovery and instead focus on weekly crop conditions - some analysts suggest the trade has become 'immune' to the delays. There is talk that unplanted areas in the southeast, the delta and the southern Ohio River Valley will likely remain unplanted, although higher than expected acreages could still influence prices.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		179.48 179.48	162.06 175.78	154.12 155.99	148.00 155.50	139.95 146.04	142.79 145.57	142.42 148.05	148.51 151.80	146.98 149.32
(Maple Leaf Sig. #4)		176.79 176.79	164.80 174.56	155.03 161.72	150.94 155.47	141.33 149.31	143.32 146.95	142.64 145.72	148.26 151.35	147.96 149.95
Soymeal Delivered	555	557	562	562	449	447	447			
Corn Delivered	294	296	298							

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