

# Hog Margin Outlook

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Tuesday, June 18, 2013

US Slaughter	
391,000	Monday
391,000	Monday (year ago)
W. Corn Belt	\$99.82
National Price	\$102.25
Daily Sig 3	\$186.19
Daily Sig 4	\$184.69
Thunder Creek	\$186.05
4-Month Fwd.	\$162.92
#1 Export Sows (+500lbs)	\$ 49.00 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0176 CAD/\$0.9827 USD	
<b>Cash Prices: Week Ending June 14, 2013</b>	
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 markets started the week with a rally of close to \$2.00/cwt. in most reporting regions yesterday, proving that Friday's sharp decline was overdone. The cash market has experienced significant volatility over the last week after breaking into new highs then promptly giving up close to 5% of its value on Friday. However, packers are now benefitting from the strongest wholesale pork prices in close to 2 years, trading about \$5.00/cwt. short of the all-time record highs that were recorded on the old, voluntary report. Some analysts suggest the pork complex is benefitting from consumers pulling back from the relatively expensive beef market. Given the recent price movements in the cash market, Lean Hog futures have been remarkably stable with the fall months trading in a steady trend over the last week. The Canadian Dollar has come under some pressure as financial markets are focused on the 2 days of meetings at the Federal Reserve that some say will end the US Central bank's policy of buying bonds in the open market as a stimulus to the economy.

**Canadian delivered soymeal prices opened higher this morning.** US soybeans are trading higher. Despite a slowing export pace, cumulative exports that remain 7% higher than the 5-year average and a crush report that surpassed market expectations yesterday are adding support. While analysts have insisted crush demand must wane, it paced higher instead. As well, new crop planting progress came in below market expectations (85% compared to the rumored 90%) adding support for new crop futures prices.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading mixed. There is talk the Argentine grain farmers' strike could soon turn demand back to the US (if it hasn't already), adding support to the nearby trade. Deliveries to a main port were down sharply (553 trucks vs. 3,561 a week ago) and US gulf cash premiums have reportedly 'surged'. The Crop Progress report yesterday showed 95% complete compared to 100% last year but there are expectations of a jump in progress ahead of favourable forecasts.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
(Maple Leaf Sig. #3)		180.38 180.38	163.70 176.50	155.73 157.61	149.51 157.02	140.83 146.93	143.64 146.46	143.11 148.75	149.22 152.51	147.66 150.01
(Maple Leaf Sig. #4)		177.67 177.67	166.42 175.28	157.34 163.33	152.42 156.97	142.19 150.20	144.20 147.83	143.32 146.41	148.96 152.05	148.63 150.63
Soymeal Delivered	569	570	576	576	454	454	454			
Corn Delivered	299	301	303							

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