

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

Hog Margin Outlook

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Thursday, June 20, 2013

US Slaughter	
402,000	Tuesday
398,000	Tuesday (year ago)
W. Corn Belt	\$100.94
National Price	\$103.34
Daily Sig 3	\$188.48
Daily Sig 4	\$186.85
Thunder Creek	\$188.62
4-Month Fwd.	\$1
#1 Export Sows (+500lbs)	\$ 49.00 cwt.
B of C Ex. Rate (Noon)	
\$1.0187 CAD/\$0.9816 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 higher this morning. US cash markets moved higher in trade yesterday, but are still well short of last week's high. While live hog supplies are approaching their tightest levels of the year, they remain comparable to year ago levels. Recent carcass weights have climbed over year ago levels despite the sharp rally in cash bids. Typically, packers entice producer to deliver animals ahead of schedule by increasing their bids, preventing hogs from adding more weight. However over the last month, prices have improved and carcass weights have been maintained at 206 lbs. Deferred month Lean Hog futures finally experienced some support from the strong cash market with the October contract gaining near \$1.00/cwt. yesterday. 4th Quarter forward prices are still about \$3-5/kg lower than the highs seen in January. Traders remain cautious about this timeframe, with current values suggesting that when hog supplies peak, prices will fall at a quicker than average pace.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower. A respected private analyst has estimated 2013/14 crop production at 3.366 billion bu. using 77.75 million acres and a 43.9 bu./ acre yield compared with the USDA's estimate of 3.39 billion bu. Normally this would have a supportive effect but pessimistic world economic indicators have created global market uncertainty adding pressure. As well, news that the Argentine farmers' strike is over is a factor influencing the trade lower.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower. There is talk that the corn market is going to be sensitive to weather news (particularly heat) from now on and higher temperatures are forecast for critical growing areas. However, like soybeans, the US corn market is affected by a loss of confidence in external markets sparked by a hint from the US Federal Open Market Committee regarding a slowdown in bond purchases (an form of stimulus) and weak Chinese economic data.

Fixed Forward Range	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3			167.38 181.37	159.29 161.20	152.93 160.56	143.87 150.07	146.74 149.60	146.19 151.92	152.40 155.74	149.73 153.07	151.98 155.81
Maple Leaf Sig. #4			170.10 180.05	160.15 166.97	155.85 160.47	145.23 153.36	147.26 150.96	146.38 149.52	152.11 155.25	150.91 153.68	150.70 154.40
Soymeal Delivered	563	572	577	577	578	460	460				
Corn Delivered	300	301	302								

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