

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

# Hog Margin Outlook

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Friday, July 05, 2013

US Slaughter	
n/a (US holiday)	Thursday
n/a (US holiday)	Thursday (year ago)
W. Corn Belt	\$101.13
National Price	\$102.84
Daily Sig 3	\$194.88
Daily Sig 4	\$191.91
Thunder Creek	\$194.62
4-Month Fwd.	\$165.40
#1 Export Sows (+500lbs)	\$ 60.50 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0513 CAD/\$0.9512 USD	
<b>Cash Prices: Week Ending July 5, 2013</b>	
Signature 3	86.95/191.69
Signature 4	87.12/192.06
h@ms Cash	86.44/190.56
Hylife	n/a
Thunder Creek	87.23/192.30
ISO Weans	\$29.54 US Avg.
Feeder Pigs	\$51.66 US Avg.

**Forward contract prices opened higher this morning.** US cash markets are finishing this holiday shortened week with slightly higher bids and fewer numbers. Packers have benefitted from strong wholesale pork prices for the last two months, driven by a strong pork belly primal. The latest belly price increased by \$6.00 to \$166/cwt., erasing the losses seen earlier in the week, and returning this primal to near record high levels. Analysts are still concerned about post-holiday demand for pork as last year's price trend turned lower shortly after the 4<sup>th</sup> of July. However, with firm operating margins and supplies expected to tighten further, downside potential is somewhat limited. Fall month forward prices, though heavily discounted from the cash market, reflect fair value given the sharply lower trend seen in the month of September over the last several years. Producers looking to add price protection in the fall and winter months should consider setting targets \$2-\$4/ckg higher than current prices, as downside risk in this timeframe appears limited in the short term.

<p>Join Us to Celebrate the <b>Grand Opening of h@ms Marketing Services' New Office</b></p>		<p><b>Tuesday, July 9<sup>th</sup> 2013</b> 1:00 to 3:30 p.m. 5290 Monterey Road Headingley, Manitoba <b>Pork On A Bun Will Be Served!</b></p>
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**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading mixed. Support for the nearby contracts continues to be a function of tight supplies coupled with strong meal demand and healthy crush margins. New crop futures maintain a bearish tone but some analysts are pointing to a weather system that could usher in excessive heat, and bullish traders are already talking about damaging early harvest frost (!) due to the late planting.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading mixed. Pre-opening reports were predicting a lower trade today but nearby futures continue to be resilient. Favourable temperatures are generally forecast although showers are needed for crop development in critical growing areas. The December contract traded below \$500 earlier this week; however, the move triggered a bout of commercial buying, adding support and pushing it back above that closely watched number.

Fixed Forward Range	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #3		170.51 183.64	162.24 164.18	155.72 163.52	146.66 152.99	149.58 152.50	149.02 154.88	155.37 158.79	152.50 155.92	154.90 158.81
Maple Leaf Sig. #4		172.74 182.35	162.57 169.54	158.73 163.45	148.06 156.37	150.14 153.91	149.22 152.44	155.09 158.30	153.72 156.56	153.60 157.39
Soymeal Delivered	638	641	643	643	449	449				
Corn Delivered	280	282	284							

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