



# Hog Margin Outlook

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Friday, March 08, 2013

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

US Slaughter	
429,000	Thursday
420,000	Thursday (year ago)
W. Corn Belt	\$75.27
National Price	\$79.31
Daily Sig 3	\$142.14
Daily Sig 4	\$145.03
Thunder Creek	\$145.98
4-Month Fwd	\$161.63
1 Export Sows (+500lbs)	\$ 46.00 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0302 CAD/\$0.9706 USD	
<b>Cash Prices: Week Ending March 8, 2013</b>	
Signature 3	65.08/143.48
Signature 4	65.91/145.31
h@ms Cash	65.23/143.81
Hylife	n/a
Thunder Creek	64.59/142.40
ISO Weans	\$34.95 US Avg.
Feeder Pigs	\$71.54 US Avg.

## Forward contract prices opened mixed this morning.

US cash markets dropped more than \$2.00/cwt. in value yesterday, with packers unwilling to chase hogs with higher bids to fill up their weekend slaughter schedule. Packer margins came under pressure this week, as wholesale pork prices dropped by more than \$2.50/cwt., with primal loins values losing 6% of their value since Monday. In a rare day where the cash market was sharply lower, Lean Hog futures moved sharply higher with most contracts experiencing gains of more than \$2.50/cwt. Gains started when fund traders started to buy back their short positions based on supportive technical indicators, but follow through was seen for the rest of the day when other traders looked to consolidate their gains. Most contracts are opening lower this morning, with traders referencing weak pork export sales data for January. Exports to China/Hong Kong were down 56% from year ago levels, while total pork exports were 15% lower compared to January of 2012. Given this news, current forward prices reflect reasonable value for the summer months, with current prices amongst the highest levels in the last two weeks.

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading higher. Exceptionally strong weekly export data boosted the US soybean trade yesterday amid tight stocks. Foreign demand for soybeans remains with US suppliers until throughput improves at Brazilian ports and, until Argentine production becomes more readily available. The WASDE report will be released today and decreases in production are expected; but, anything below 50 MMT for Argentina and 82.5 MMT for Brazil will be viewed as particularly bullish.

## Canadian delivered corn prices opened higher this morning.

US corn futures are trading higher. Despite poor export data, minor gains are being made ahead of today's WASDE Report. Pre-WASDE carryout estimates have ranged between a bearish 700 million bu. and bullish 560 million bu. Most analysts are expecting a slight carryout increase to 644 million bu. coupled with a decrease in export demand. Argentine weather has been drier in the south but only modest crop stress is expected to develop.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		145.68 153.21	157.83 166.78	163.01 167.72	166.33 168.69	160.09 167.65	152.07 153.95	145.47 153.03	136.91 143.05	139.74 142.58
(Maple Leaf Sig. #4)		146.36 153.11	156.67 164.97	163.70 166.98	165.82 167.10	162.44 167.10	152.38 159.14	149.10 153.67	138.80 147.22	141.18 144.84
Soymeal Delivered	525	528	530	532	534	534				
Corn Delivered	299	299	301							

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