



Hog Margin Outlook

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Wednesday, March 13, 2013

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

US Slaughter	
428,000	Tuesday
422,000	Tuesday (year ago)
W. Corn Belt	\$74.52
National Price	\$78.46
Daily Sig 3	\$140.06
Daily Sig 4	\$142.81
Thunder Creek	\$140.41
4-Month Fwd	\$161.25
1 Export Sows (+500lbs)	\$ 46.00 cwt.
B of C Ex. Rate (Noon) \$1.0254 CAD/\$0.9752 USD	
Cash Prices: Week Ending March 8, 2013	
Signature 3	65.08/143.48
Signature 4	65.91/145.31
h@ms Cash	65.23/143.81
Hylife	63.48/139.94
Thunder Creek	64.59/142.40
ISO Weans	\$34.25 US Avg.
Feeder Pigs	\$64.90 US Avg.

Forward contract prices opened mixed this morning.

US cash markets are expected to trade steady to higher this morning, as packers are attempting a to slaughter a comparable number of hogs this week as last week's 2.2 million hogs. The pork cut-out continues to be valued under the \$80/cwt. level, close to \$3.00/cwt. lower than where it was at the start of the year. At the same time, hog supplies have shrunk in line with normal seasonality by about 5% from the start of the year. Lean Hog futures are likely to see continued resistance to moving higher given the uncertainty relating to export markets, and without a significant improvement in cash prices could come under further pressure. Impacting the market in the longer term is the USDA's proposed rule to remedy the dispute around Mandatory Country of Origin Labeling that Canada and Mexico won in a WTO decision. If anything, the rule would further restrict the movement of animals from Canada to the US and could trigger retaliatory tariffs to be levied by the Canadian Government and slow the import of US beef and pork into this country.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading lower. Despite port delays and a looming port strike in Brazil, analysts are suggesting that the expectation of a large soybean crop is pressuring futures. Also, technical selling amid rumors that Chinese demand will be lower is also pressuring the trade. However, there are reports from the USDA that China's oilseed production could be 2.2% lower than last year. Production from Brazil and Argentina is expected to hit world markets by mid-April.

Canadian delivered corn prices opened even this morning.

US corn futures are trading mixed. Tightness in corn supplies is being cited as propping old crop futures prices. The USDA's estimate of 632 million bu. was lower than the market's and traders' expectations and there are reports that some ethanol plants are turning to wheat to replace some corn because local corn available for processing is limited. Reports that livestock producers are increasing feed wheat for rations amid the discounts relative to corn are also surfacing.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		146.07 153.63	156.94 165.91	162.13 166.85	166.34 168.70	160.25 167.44	152.21 154.10	146.08 153.68	137.58 143.75	140.42 143.27
(Maple Leaf Sig. #4)		146.76 153.53	155.81 164.14	162.86 166.15	165.84 167.12	162.60 166.90	152.52 159.30	149.73 154.33	139.48 147.93	141.87 145.54
Soymeal Delivered	508	512	514	517	518	518				
Corn Delivered	308	308	310							

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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