



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

Hog Margin Outlook

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Thursday, March 14, 2013

US Slaughter	
429,000	Wednesday
420,000	Wednesday (year ago)
W. Corn Belt	\$73.57
National Price	\$78.81
Daily Sig 3	\$138.54
Daily Sig 4	\$143.71
Thunder Creek	\$138.49
4-Month Fwd	\$158.87
1 Export Sows (+500lbs) \$ 50.00 cwt.	
B of C Ex. Rate (Noon) \$1.0273 CAD/\$0.9734 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 lower this morning. US cash markets were under pressure yesterday with the recent trade showing little evidence of a trend over the last week. The pork cut-out is also seeing little in the way of direction, further contributing to the uncertainty. Typically at this time of year, ham values lead pork prices higher as retailers look to build inventory ahead of Easter, but ham prices are down about 20% over the last month. Lean hog futures came under pressure in response to the weak cash fundamentals and the larger than average premium that summer months hold over the cash market. From mid-March to mid-June, cash markets typically increase about \$8.00/cwt., reflecting a reduction in the available hog supply. Currently, June Lean Hogs are trading at a \$12.50 premium to the cash index, which would assure producers of a better than average rally in the cash prices. Producers without protection in the summer months should consider pricing as much as 50% of their production at current prices in order to mitigate downside risk.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower. Despite long port delays, there is news that the Brazil crop is filtering through; vessels will reportedly be delivering fresh supplies to China further stabilizing stock levels. The Mato Grosso region is reported at 59% harvested and expected to be complete in 3 weeks. Argentine farmers are still not selling aggressively due to a lowering peso – there are rumors producers are waiting for ‘the bottom’. Argentine cumulative sales are at 10% compared to 30% this time last year.

Canadian delivered corn prices opened higher this morning. US corn futures are trading mixed. A strong USD, profit taking and recent ‘softness’ in ethanol demand have all been pressuring nearby futures prices in the short term. There are rumors that China is attempting to source feed corn from alternative suppliers such as the Ukraine and, in a surprise experimental move, India. The trade has moved upward following the latest USDA Export Sales Report released this morning; net sales are up 34% from the 4-week average.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		143.55 151.08	154.44 163.39	159.62 164.33	164.04 166.40	158.35 165.18	150.35 152.24	144.10 151.67	136.09 142.24	138.93 141.77
(Maple Leaf Sig. #4)		144.30 151.05	153.39 161.69	160.41 163.70	163.61 164.89	160.77 164.71	150.71 157.48	147.79 152.37	138.01 146.45	140.40 144.07
Soymeal Delivered	507	511	513	515	516	516				
Corn Delivered	312	312	314							

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