Hog Margin Outlook

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Friday, March 15, 2013

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

US Slaughter	
424,000	Thursday
417,000	Thursday (year ago)
W. Corn Belt	$73.53
National Price	$78.52
Daily Sig 3	$138.30
Daily Sig 4	$143.01
Thunder Creek	$140.11
4-Month Fwd	$157.78
1 Export Sows (+500lbs) $ 50.00 cwt.	
B of C Ex. Rate (Noon) $1.0261 CAD/$0.9745 USD	
Cash Prices: Week Ending March 15, 2013	
Signature 3	62.69/138.21
Signature 4	65.08/143.47
h@ms Cash	64.40/141.97
Hylife	n/a
Thunder Creek	64.55/142.30
ISO Weans $34.25 US Avg.	
Feeder Pigs $64.90 US Avg.	

Forward contract prices opened lower this morning.
US cash markets are finishing this week higher than levels seen last Friday, but have failed to find the support needed to knock prices out of the current trading range. The pork cut-out dropped nearly $1.00/cwt. yesterday, taking the benchmark price for wholesale primals down to $77.50/cwt. and to the lowest level seen since September 2012. Packer margins are still in positive territory, but weak meat prices limit any upside potential in bids over the short term. Lean Hog futures are expected to remain under pressure this morning as cash market fundamentals, combined with the large premium that the summer months hold over the current hog prices, are the focus of most traders. Given the recent weakness in export markets and the relatively low Canadian Dollar, producers should consider "locking in" the $20-$30/ckg premium that summer month forward contracts are still offering.

Canadian delivered soymeal prices opened lower this morning. *US soybean futures are trading higher. Following three straight sessions of losses, new crop beans have rebounded slightly. There are rumors that technical buying is responsible for the uptick and taking place as a result of the recent 'bargains' available. Despite substantial port lineups in Brazil, there are reports that beans are nonetheless being loaded and that some ships are making their way out. Argentine beans are estimated to be more available come April, alleviating some of the port congestion in Brazil.*

Canadian delivered corn prices opened even this morning.
US corn futures are trading lower. The better than expected export data released by the USDA influenced the market higher yesterday. But news that moisture improvements in the US's Corn Belt and reports that Brazil's second corn crop is looking 'exceptional' (to be harvested in June/July), have pressured the trade today. Relative export and ethanol demand remain down over last year, pressuring prices, but tight stocks are adding support.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		142.27 149.77	153.43 162.34	158.59 163.28	163.00 165.35	157.08 163.84	149.09 150.97	142.96 150.50	134.38 140.51	137.21 140.04
(Maple Leaf Sig. #4)		143.04 149.76	152.39 160.65	159.38 162.65	162.57 163.85	159.48 163.39	149.47 156.20	146.65 151.21	136.34 144.73	138.71 142.36
Soymeal Delivered	504	508	510	512	513	513				
Corn Delivered	312	312	314