



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

# Hog Margin Outlook

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Wednesday, March 27, 2013

**Forward contract prices opened lower this morning.** US cash markets were higher in trade yesterday, as there was evidence of needed support coming from increased competition amongst packers. While the pork cut-out lost some value, packers were willing to give up some of their positive operating margins in an effort to fill out their slaughter schedule. With pork prices lower than many had anticipated, and pork inventory ample as evidenced by the Cold Storage report, both domestic and export consumption should be stimulated. However, the premium that Lean Hog futures retain over the current cash market continues to **exceed 'normal' levels** at this time of year. Over the last ten years, cash markets typically increase by approximately \$20/ckg from March to June. Currently, forward prices for the early summer timeframe are trading at a premium of about \$27/ckg, in spite the challenge of slow export sales. **Producers without protection should look to cover a portion of their summer production's price risk at current prices.**

US Slaughter	
427,000	Tuesday
416,000	Tuesday (year ago)
W. Corn Belt	\$74.22
National Price	\$75.74
Daily Sig 3	\$138.30
Daily Sig 4	\$136.68
Thunder Creek	\$138.55
4-Month Fwd	\$158.74
1 Export Sows (+500lbs) \$ 54.25 cwt.	
<b>B of C Ex. Rate (Noon)</b> \$1.0166 CAD/\$0.9837 USD	
<b>Cash Prices: Week Ending March 22, 2013</b>	
Signature 3	61.97/136.61
Signature 4	64.21/141.56
h@ms Cash	63.53/140.06
Hylife	61.44/135.45
Thunder Creek	63.05/139.00
ISO Weans	\$27.07 US Avg.
Feeder Pigs	\$58.15 US Avg.

2013 Easter Forward Contracting Schedule	
Date	Hours of Operation
March 29, 2013 (Fri.)	Closed - No Forward Contracting
March 31, 2013 (Mon.)	Regular Hours - Forward Contracting Available

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading mixed. Positive production estimates coming out of both South and North America continue to add pressure but analysts expect lower carryouts than last year ahead of this week's Grain Stocks Report, adding support. The Prospective Plantings Report (due out tomorrow) is expected to reflect some of the highest planting intentions on record. However, it should be noted that the 2012 plantings ahead of the drought were also in this category.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Planting intentions for new crop corn have ranged between 96.5 (February, USDA) and 97.3 (private average) million acres. A 36% increase in production over last year could materialize if the current USDA 163.5 bu./acre yield estimate materializes ; 27% at 153 bu./acre. Both could push corn under \$5/bu. compared to the \$7.28/bu. USD currently. As always, however, the timing of planting and moisture requirements (drainage and rain) will be critical to the success of the crop.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)	144.96 147.29	153.78 162.65	160.31 163.58	162.51 164.85	157.17 164.23	149.22 151.09	143.03 150.54	135.24 141.34	138.05 140.87
(Maple Leaf Sig. #4)	144.26 147.34	152.71 160.94	159.67 162.93	162.08 163.35	159.54 163.75	149.57 156.28	148.68 151.23	137.14 145.50	139.50 143.14
Soymeal Delivered	502	504	504	505	505	505			
Corn Delivered	306	308	310						

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