



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

# Hog Margin Outlook

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Monday, April 01, 2013

**Forward contract prices opened lower this morning.** US cash markets are expected to trade steady to slightly lower to start this week, after being confirmed that near term supplies are larger than most had anticipated. The pork cut-out has stabilized near the \$77/cwt. area with weakness in loins being offset by higher ham prices. Currently, US packers are moderately profitable and would typically be waiting for the seasonal rally in pork prices to increase their operating margins. However, cash market fundamentals remain uncertain with an increase in hog supplies and slower export sales. After Thursday's release of the Hogs and Pigs report, Lean Hog futures are trading lower in all months for 2013. Analysts were surprised to see larger supplies in all but one category compared with year ago levels, resulting in the market reducing the premium that the summer and fall months hold over the current cash market. **Forward contract prices represent good value given the current market fundamentals and producers should consider adding protection in order to mitigate further downside risk.**

US Slaughter	
2.184 mil.	Last Week
2.126 mil.	Last Week (year ago)
W. Corn Belt	\$75.45
National Price	\$76.52
Daily Sig 3	\$140.46
Daily Sig 4	\$137.93
Thunder Creek	\$140.70
4-Month Fwd	\$161.01
1 Export Sows (+500lbs)	\$ 54.25 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0156 CAD/\$0.9846 USD	
<b>Cash Prices: Week Ending March 29, 2013</b>	
Signature 3	62.16/137.04
Signature 4	62.52/137.84
h@ms Cash	61.84/136.34
Hylife	59.98/132.23
Thunder Creek	61.55/135.70
ISO Weans	\$23.80 US Avg.
Feeder Pigs	\$56.81 US Avg.

2013 Easter Forward Contracting Schedule	
Date	Hours of Operation
April 1, 2013 (Mon.)	Regular Hours - Forward Contracting Available

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower. The results of the two reports released Thursday were viewed as bearish to the trade. Stocks were reported at over 999 million bushels while the market was expecting 935 million. Prospective plantings, while lower than market estimates, was estimated higher than last year adding to the bearish tone. Wait times at Brazil's ports range upwards of 60 days but analysts note the beans will eventually make their way into the marketplace.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading lower. Like soybeans, the Grain Stocks report had a bearish influence on the trade with approximately 386 million more bushels than market expectations. Prospective Plantings, while lower than expectations, were also higher than last year and are expected to be the highest since 1936. The weather remains cold across most of the US Midwest with the western regions still facing areas of drought; there is talk of planting delays in the eastern region amid wetter conditions.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		154.44 163.31	159.57 164.24	163.15 165.49	156.19 163.71	148.23 150.11	141.40 149.40	133.97 140.06	136.78 139.60
(Maple Leaf Sig. #4)		153.35 161.58	160.31 163.57	162.70 163.97	158.59 163.25	148.62 155.33	145.58 150.12	135.91 144.26	138.27 141.90
Soymeal Delivered	478	480	480	481	481	481			
Corn Delivered	279	282	286						

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