



Hog Margin Outlook

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Tuesday, April 02, 2013

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

US Slaughter	
290,000	Monday
412,000	Monday (year ago)
W. Corn Belt	\$77.07
National Price	\$77.19
Daily Sig 3	\$143.63
Daily Sig 4	\$139.29
Thunder Creek	\$143.44
4-Month Fwd	\$162.82
1 Export Sows (+500lbs)	\$ 54.50 cwt.
B of C Ex. Rate (Noon)	
\$1.0167 CAD/\$0.9835 USD	
Cash Prices: Week Ending March 29, 2013	
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.

Forward contract prices opened higher this morning.

US cash markets started the week trading higher yesterday with gains in wholesale pork prices being matched by increases in packer bids. However, packers already have a significant portion of their late week slaughter requirements covered even as they plan a large Saturday kill. Hog supplies have been running over 2% larger than year ago levels, consistent with the latest USDA Hogs and Pigs report, so expanded Saturday kills are welcome but could put pressure wholesale meat markets. Lean Hog futures saw a modest influence from the corn market dropping its allowable daily limit yesterday, but the nearby contract will still need to reconcile to the cash market in just 10 days. **All producers should consider adding price protection at current prices, given the better-than-average premium that forward contracts are offering over the current cash market.**

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading higher. Currently, futures are trading at levels last seen in mid-January but prices bounced overnight. Noted price supports included; technical buying amid 'lower' prices following the release of the Grain Stocks report, strong domestic crush demand and strong export demand (cumulative export demand is at 90% compared to the 78% 5-year average). While improving, logistics problems in Brazil still support the near-term trade.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading higher. Many analysts are noting the largest 2-day drop in corn since 1996; lower trading limits were reached. Like soybeans, corn bounced overnight but there is talk of a looming bearish trend moving forward. Factors favoring the bear trend are a favourable US weather outlook, discounted South American shipments and an upcoming WASDE report, scheduled for release next week.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		157.55 166.40	162.67 167.33	165.51 167.84	158.01 165.57	150.08 151.95	143.67 151.14	135.68 141.75	138.48 141.28
(Maple Leaf Sig. #4)		155.63 163.84	162.58 165.82	164.25 165.51	159.61 164.30	149.67 156.36	146.54 151.06	136.81 145.13	139.16 142.78
Soymeal Delivered	480	482	482	483	483	483			
Corn Delivered	284	286	288						

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HWY #6 AND RD 236

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