

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

# Hog Margin Outlook

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Tuesday, April 16, 2013

**Forward contract prices opened mixed this morning.** US cash markets started the week narrowly mixed yesterday with today's trade expected to be similar. Although packer margins are estimated to be in positive territory (this time of year typically sees stronger margins as grilling demand heats up), hog supplies are still ample and pressuring prices. The new pork cut-out proved to be a couple dollars higher than the discontinued voluntary report over the last 3 months. This price is far more representative of the actual value of primal cuts than the old report. Lean Hog futures moved sharply lower in trade yesterday reflecting the sluggish cash market fundamentals, but the move was triggered by broader weakness across all commodities. However, the Canadian dollar also fell by over a cent in trade yesterday, resulting in only a minor loss in forward contract values. While forward prices are offering only a modest premium over the cash market, prices are still good value given the challenges in export markets.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. News regarding poor Chinese GDP and declining demand for the oilseed pressured prices yesterday. As well, there was talk of profit taking and short covering further pushing prices lower. However, US soybeans bounced in the overnight trade amid talk of 'explosive' US basis prices and on concerns of tight supplies. Brazil and Argentina shipped 1.6 MMT of meal last month compared to 2.7 MMT last year.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading higher. The most recent Corn Planting report showed that 2% of planting was completed as compared to 16% last year. The southern states and delta region are much further ahead than the Corn Belt which is nowhere near on pace compared to last year; some states are reporting 0% planted. However, the longer term outlook is bearish amid talk of weaker commodities confidence and a still as-yet positive outlook for new crop corn.

US Slaughter	
418,000	Monday
416,000	Monday (year ago)
W. Corn Belt	\$78.47
National Price	\$82.99
Daily Sig 3	\$146.80
Daily Sig 4	\$150.35
Thunder Creek	\$147.85
4-Month Fwd	\$158.75
1 Export Sows (+500lbs) \$ 50.00 cwt.	
<b>B of C Ex. Rate (Noon)</b> \$1.0206 CAD/\$0.9798 USD	
<b>Cash Prices: Week Ending April 12, 2013</b>	
Signature 3	68.02/149.95
Signature 4	66.89/147.47
h@ms Cash	66.21/145.97
Hylife	65.30/143.96
Thunder Creek	66.41/146.40
ISO Weans	\$28.52 US Avg.
Feeder Pigs	\$59.88 US Avg.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		158.22 161.04	157.28 161.97	160.51 162.86	153.94 161.07	145.96 147.83	139.87 147.41	132.29 138.42	135.12 137.95
(Maple Leaf Sig. #4)		155.85 159.21	157.94 161.21	159.98 161.25	156.25 160.53	145.70 152.43	142.93 147.49	133.58 141.98	135.96 139.61
Soymeal Delivered	492	492	489	490	494	494			
Corn Delivered	279	281	283						

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