



Hog Margin Outlook

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Tuesday, April 23, 2013

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

Forward contract prices opened higher this morning.

US cash markets are trading firm this morning after a strong showing in the Midwest regions yesterday with gains of over \$2.00/cwt. from Friday's trade. Helping to make these gains sustainable was strength in wholesale pork prices of \$1.54/cwt. While cash market fundamentals made a marked improvement yesterday, the USDA's Cold Storage report confirmed that pork movement struggled in the month of March. Compared to year ago levels, pork supplies are 6% higher with recent evidence suggesting that pork continues to flow into warehouses. If the higher trend continues, April's pork inventory will be at record levels and will put pressure on prices, possibly delaying the normal spring rally. Lean Hog futures are firmer this morning, seeing influence from yesterday's cash market strength. **Producers looking for protection in the summer months should view these gains in the nearby contracts as a pricing opportunity.**

Canadian delivered soymeal prices opened mixed this morning.

US soybean futures are trading mixed. There are reports of strengthening basis levels amid lock closures on the Mississippi River providing support to the nearby contract. The reports are suggesting that about 12 locks are closed as a result of spring flooding, but they are expected to be reopened by the end of April. The lock system is significant in US trade, providing a transport route for about 60% of all US grain exports.

Canadian delivered corn prices opened even this morning.

US corn futures are trading lower. Considering all crops combined, there are reports that US farmers are behind some 15 million acres in plantings compared to last year; corn is at 4% compared to a typical 16% planted. However, analysts note that 2009 saw only 5% planted at this time but yields still averaged 164.7 bu./acre. The current USDA estimate for 2013/14 is 163.5 bu./acre. The WOAB Weekly Weather and Crop Bulletin will be released after trading today, at 4PM, Eastern.

US Slaughter	
411,000	Monday
410,000	Monday (year ago)
W. Corn Belt	\$79.52
National Price	\$82.06
Daily Sig 3	\$149.59
Daily Sig 4	\$149.49
Thunder Creek	\$150.65
4-Month Fwd	\$161.55
1 Export Sows (+500lbs) \$ 40.50 cwt.	
B of C Ex. Rate (Noon) \$1.0263 CAD/\$0.9743 USD	
Cash Prices: Week Ending April 19, 2013	
Signature 3	66.95/147.59
Signature 4	68.07/150.06
h@ms Cash	67.39/148.56
Hylife	65.88/142.25
Thunder Creek	67.81/149.50
ISO Weans	\$28.46 US Avg.
Feeder Pigs	\$55.21 US Avg.

Fixed Forward Range	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		161.17 164.00	160.23 164.94	163.60 165.95	156.14 163.75	148.13 150.01	141.77 149.33	133.74 139.88	136.57 139.41
(Maple Leaf Sig. #4)		158.72 162.09	160.81 164.09	162.99 164.27	158.42 163.13	148.20 155.31	145.52 150.10	135.73 144.15	138.11 141.77
Soymeal Delivered	509	509	494	495	500	500			
Corn Delivered	276	276	278						

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