



Hog Margin Outlook

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Monday, December 17, 2012

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

US Slaughter	
2.304 mil.	Last Week
2.349 mil.	Last Week (year ago)
W. Corn Belt	\$80.75
National Price	\$83.21
Daily Sig 3	\$145.94
Daily Sig 4	\$145.62
Thunder Creek	\$145.99
4-Month Fwd	\$149.18
#1 Export Sows (+500lbs)	\$ 46.00 cwt.
B of C Ex. Rate (Noon) \$0.9860 CAD/\$1.0141US	
Cash Prices: Week Ending December 14, 2012	
Signature 3	65.02/143.34
Signature 4	67.70/149.25
h@ms Cash	64.78/142.81
Hylife	65.47/144.33
Thunder Creek	69.40/153.00
ISO Weans	\$58.89 US Avg.
Feeder Pigs	\$64.59 US Avg.

Forward contract prices opened lower this morning. US cash markets are called to open steady to slightly lower as the pork product market comes under seasonal pressure. The hog supply was tighter than anticipated last week at an estimated 2.3 million head, down close to 2% from year ago levels and 60,000 fewer than the previous week. The pork cut-out is seeing weakness largely from a drop in ham values, which are down close to 15% from the highs put one week ago. Lean Hog futures are coming under pressure with influence from a weaker cash market and the typical seasonal bias for speculators to get out of their positions ahead of the holidays. Large speculators have been selling out of their huge net long positions and are expected to continue this trend this week ahead of the holidays, causing a bias to lower values in the market. The Canadian Dollar is trading within 10 basis points of its highest level in 2 months, as US politicians have come closer to a compromise in an effort to avoid the so-called "fiscal cliff".

Canadian delivered soymeal prices mixed higher this morning. Nearby US soybean and soybean meal futures contracts have opened higher this morning. Demand side data remains strong for soybeans and is expected to be supported with new data on export inspections released later this morning. Nearby prices are also propped by favourable domestic crush data. However, there are reports of encouraging growing conditions in South America and an expected record crop from Brazil is keeping prices in check.

Canadian delivered corn prices opened higher this morning. Nearby US corn futures opened lower this morning although new crop futures are showing strength. Poor export data is currently pegged as a contributing factor in limiting price increases. However, there are favourable growing conditions in South America; Brazil is on pace for a 'normal' level of production and reported planted area of 4.12 million acres in Argentina is slightly higher than previous estimates of 4.0 million.

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		138.11 144.43	145.79 148.95	149.04 150.39	151.31 163.09	166.02 174.63	171.00 175.53	174.22 176.49	172.40 173.31	155.30 157.12
(Maple Leaf Sig. #4)		138.73 142.57	144.85 146.77	148.44 149.31	151.17 160.47	162.09 170.33	169.10 172.26	171.17 172.40	163.60 170.47	153.91 160.43
Soymeal Delivered	538	532	532	532	534					
Corn Delivered	291	291	291	294	294					

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