

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

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 21, 2012

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Forward contract prices opened higher this morning. US cash bids are lower this morning. Some packers are finding abundant supplies following yesterday's winter storm that delayed deliveries and shut down plant operations. It was reported that 3 plants were closed yesterday in Iowa due to winter storms, resulting in a 50,000 head reduction in the total US daily slaughter. Packers behind on their orders will attempt a large Saturday slaughter to make up the lost hours of production, but next week's holiday is also a factor. The effect of the cash market disruption on Lean Hog futures is negligible, with the February contract, nearly 2 months from expiration trading at a smaller than average premium to the cash market. Summer month futures are currently trading in the middle of their 3 month range, with no apparent directional trend. Forward contracts currently represent fair value with upside potential coming from a better performing US economy resulting in improved domestic demand.

Canadian delivered soymeal prices opened higher this morning. US soybean futures opened higher across all contracts this morning supported by continued strong export demand. However, analysts note a bearish tone in the market due to the cancellation of Chinese purchases, now totalling 840,000 mt for the week. The cancellations are presumed to be linked to the expected bumper crop in Brazil, where Chinese importers can buy at a lower price.

Canadian delivered corn prices opened lower this morning. Nearby US corn futures opened higher this morning. After trading lower yesterday, corn bounced back overnight on news that a South Korean feed buyer has opened a US tender. Elsewhere, China maintains a significant amount of influence on world prices; the country is responsible for 51 percent of ending stocks meaning any issues in Chinese production could have an impact on prices. Currently, there is significant variability in Chinese ending stock estimates with as much as 10 mmt separating analysts' estimates, resulting in a high degree of uncertainty of world supply.

US Slaughter	
380,000	Thursday
432,000	Thursday (year ago)
W. Corn Belt	\$81.81
National Price	\$82.93
Daily Sig 3	\$148.20
Daily Sig 4	\$145.47
Thunder Creek	\$148.32
4-Month Fwd	\$153.50
#1 Export Sows (+500lbs) \$ 41.50 cwt.	
B of C Ex. Rate (Noon) \$0.9883 CAD/\$1.0118 USD	
Cash Prices: Week Ending December 21, 2012	
Signature 3	66.49/146.58
Signature 4	65.75/144.95
h@ms Cash	65.40/144.17
Hylife	n/a
Thunder Creek	64.68/142.60
ISO Weans	\$58.89 US Avg.
Feeder Pigs	\$64.59 US Avg.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)	144.94	149.50	152.24	154.40	169.30	174.33	176.35	165.13	157.35
	148.14	152.70	153.61	166.29	177.99	178.90	178.64	175.16	159.18
(Maple Leaf Sig. #4)	144.33	147.95	151.05	153.68	165.28	172.36	173.26	165.67	155.92
	145.66	149.90	151.93	163.06	173.60	175.54	174.50	175.28	162.48
Soymeal Delivered	508	508	508	509					
Corn Delivered	284	286	288						

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.

Office	h@ms Holiday Schedule	Winnipeg Live Stock
8:00AM- 2PM	Dec. 24 (Mon.)	8:30AM - 12 noon
Closed	Dec. 25 & 26 (Tues. & Wed.)	Closed
8:00AM - 12 noon	Dec. 31 (Mon.)	8:30AM - 12 noon
Closed	Jan. 1 (Tues.)	Closed
Regular Business Hours	Dec. 27, 28 and Jan. 2-4	Regular Business Hours