



Hog Margin Outlook

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Friday, December 28, 2012

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

US Slaughter	
429,000	Thursday
427,000	Thursday (year ago)
W. Corn Belt	\$81.06
National Price	\$82.93
Daily Sig 3	\$147.83
Daily Sig 4	\$146.45
Thunder Creek	\$147.88
4-Month Fwd	\$156.99
#1 Export Sows (+500lbs) \$ 39.00 cwt.	
B of C Ex. Rate (Noon) \$0.9949 CAD/\$1.0051 USD	
Cash Prices: Week Ending December 28, 2012	
Signature 3	66.11/145.75
Signature 4	66.45/146.50
h@ms Cash	65.29/143.94
Hylife	n/a
Thunder Creek	66.36/146.30
ISO Weans	\$58.43 US Avg.
Feeder Pigs	\$65.82 US Avg.

Forward contract prices opened higher this morning. US cash markets are finishing the holiday reduced week with slightly higher values, but packer margins came under pressure with weakness in the pork cut-out. Analysts take cash market trends over the holidays with a grain of salt, as there can be significant variability from region to region due to the availability of live hogs. Lean Hog futures will see an increase in activity today, ahead of this afternoon's release of the Hogs and Pigs report. Most analysts believe the report will show a modest decline in all of the major categories, with total market hog supplies down about 1% compared to year ago levels. Analysts surveyed in the Dow Jones pre-report survey had the "Kept for Breeding" category down 0.7%, the largest change in a number of years, but still a modest adjustment given the pressures on producer profitability. The Canadian Dollar is under pressure this morning, as traders remain nervous about the looming "US fiscal cliff". In order for the US to avoid the significant tax hike and spending cuts, a bi-partisan deal needs to be made in the next 3 days.

USDA Hogs & Pigs Report December 28, 2012	Analysts Estimates	
	Range	Average
Inventories on Dec. 1	% of December 1, 2011	
All Hogs and Pigs	98.7 – 100.4	99.1
Kept for Breeding	99.1 – 99.5	99.3
Kept for Market	98.7 – 100.5	99.1

Canadian delivered soymeal prices opened lower this morning. US soybean futures opened higher this morning on strong demand. However, analysts note a bearish tone due to the negative sentiment from Washington DC regarding fiscal cliff issues. Also tempering market activity are reports that Brazil is harvesting some early planted soybeans; the official harvest is estimated to commence mid-January. Buenos Aries Grains Exchange has kept Argentine estimates unchanged at 19.7 million hectares despite recent flooding.

Canadian delivered corn prices opened higher this morning. US corn futures have opened mixed this morning amid much uncertainty. Export sales released today are expected to increase to about 200,000 mt compared to 120,200 last week. However, FOB gulf offers remain at a \$20 premium to Brazilian competitors. As well, the EIA ethanol report released today is expected to indicate reduced demand as processors temper production as a reaction to poor or negative margins.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		151.02	152.25	154.41	169.04	174.09	176.01	164.18	156.38	153.49
		154.22	153.62	166.33	177.75	178.67	178.30	174.54	158.21	157.63
(Maple Leaf Sig. #4)		149.43	151.06	153.70	165.03	172.13	172.93	164.76	154.99	154.07
		151.38	151.95	163.11	173.37	175.33	174.17	171.68	161.56	156.56
Soymeal Delivered	504	504	504	505	505					
Corn Delivered	282	284	286							

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Office	h@ms Holiday Schedule	Winnipeg Live Stock
Regular Business Hours	Dec. 27 (Thurs.)	Regular Business Hours
Regular Business Hours	Dec. 28 (Fri.)	Regular Business Hours
8:00AM – 4:00 PM	Dec. 31 (Mon.)	8:30AM – 12 noon
Closed	Jan. 1 (Tues.)	Closed
Regular Business Hours	Jan. 2-4	Regular Business Hours