



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, December 31, 2012

Forward contract prices opened lower this morning. US cash markets are expected to open slightly lower as hogs that were displaced by last week's holiday reduced slaughter schedule are in abundance and packers will not need to compete for supplies. Last week's slaughter was down by about half a million head from the previous week, with this week's estimate to be lower by 300,000 head. Lean Hog futures are expected to come under some pressure this morning, with traders viewing Friday's Hogs and Pigs report as slightly bearish. The report suggested we can expect no change in hog supply compared to year ago levels, as all of the major categories were estimated at 100% of year ago levels. Financial markets are expected to trade lower amid the uncertainty relating to the US "Fiscal Cliff", as Federal politicians have yet to work out a deal. If no deal is reached today, income tax rates will increase and cuts to US government spending could send the US economy into a recession.

US Slaughter	
1.755 mil.	Last Week
1.961 mil.	Last Week (year ago)
W. Corn Belt	\$80.67
National Price	\$83.04
Daily Sig 3	\$147.16
Daily Sig 4	\$146.70
Thunder Creek	\$148.21
4-Month Fwd	\$152.96
#1 Export Sows (+500lbs) \$ 39.00 cwt.	
B of C Ex. Rate (Noon) \$0.9952 CAD/\$1.0048 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	64.61/142.43
Thunder Creek	66.36/146.30
ISO Weans	\$59.49 US Avg.
Feeder Pigs	\$70.90 US Avg.

USDA Hogs & Pigs Report December 28, 2012	Analysts Estimates		Actual	
	Range	Average	2011	2012
Inventories on Dec. 1	*% of December 1, 2011		In 1,000 head and (%)*	
All Hogs and Pigs	98.7 – 100.4	99.1	66,361	66,348 (100)
Kept for Breeding	99.1 – 99.5	99.3	5,803	5,817 (100)
Kept for Market	98.7 – 100.5	99.1	60,558	60,531 (100)

Canadian delivered soymeal prices opened lower this morning. US soybean futures opened lower this morning. Lower than expected export data is a contributing factor in the wake of the recent Chinese cancellations. As well, positive production estimates from South America are pressuring prices. Uncertainty is expected in most markets today as the fiscal cliff in the US looms.

Canadian delivered corn prices opened mixed this morning. US Corn futures have opened lower this morning. Active weather and high expectations for increased moisture content in the Corn Belt are adding to the bearish tone but the eastern Corn Belt is seeing more moisture than areas west of the Mississippi. Ethanol production, while up 1.5% over last week was down 13.3% compared to last year.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		147.28	147.79	150.07	165.04	170.08	172.60	170.73	154.05	151.05
		150.48	149.16	161.98	173.74	174.66	174.90	171.65	155.89	155.19
(Maple Leaf Sig. #4)		145.81	146.75	149.49	161.15	168.25	169.63	162.52	152.73	151.70
		147.75	147.63	158.90	169.49	171.44	170.88	168.88	159.31	154.19
Soymeal Delivered	500	500	500	501	501					
Corn Delivered	282	284	287							

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Office	h@ms New Year Holiday Schedule	Winnipeg Live Stock
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