



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

# Hog Margin Outlook

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Thursday, January 03, 2013

## Forward contract prices opened higher this morning.

US cash markets are expected to come under pressure this morning, as hog supplies are abundant even with packers attempting to put together a Saturday kill of close to 300,000 hogs. The pork carcass cut-out dropped \$1.00/cwt. in trade yesterday, with loins and ribs being responsible for most of the decline. Supplies of pork in Cold Storage are still thought to be above year ago levels, but early indications suggest that the holiday season was generally positive for the pork complex. Lean Hog futures are still dealing with the results of the last week's Hogs and Pigs report, with the higher than expected supplies triggering a selloff earlier this week. Further weakness could come over the next week as Funds may look to sell out of a portion of their large long positions, as technical indicators do not support a bullish trend. The Canadian dollar is trading near steady with yesterday's levels, but closer to the top end of its 2 month trading range.

## Canadian delivered soymeal prices opened lower this morning.

US soybean futures were trading lower this morning. Double digit losses are noted across all contracts on news that the early harvest in Mato Grosso region in Brazil is 'exceptional'. As well, commodities markets have abandoned the early optimism of avoiding the Fiscal Cliff and a cautious tone has returned amid debt ceiling concerns. There is talk that next week's WASDE Report could show an increase in production estimates.

## Canadian delivered corn prices opened lower this morning.

US corn futures were trading lower this morning. Drier weather in South America has allowed farmers to speed up seeding in Argentina. However, significant dryness still plagues the US Corn Belt. While recent winter storm activity has improved moisture levels somewhat, some analysts expect a decrease of 500,000 to 1 million acres of corn production next year.

US Slaughter	
430,000	Wednesday
430,000	Wednesday (year ago)
W. Corn Belt	\$81.04
National Price	\$83.14
Daily Sig 3	\$146.45
Daily Sig 4	\$145.49
Thunder Creek	\$146.52
4-Month Fwd	\$153.89
#1 Export Sows (+500lbs)	\$ 40.50 cwt.
<b>B of C Ex. Rate (Noon)</b>	
\$0.9859 CAD/\$1.0143 USD	
<b>Cash Prices: Week Ending December 28, 2012</b>	
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.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		148.15	150.41	150.14	164.68	169.67	172.21	162.45	154.73	151.92
		151.32	151.32	161.91	173.29	174.20	174.48	171.84	156.54	156.02
(Maple Leaf Sig. #4)		146.62	149.16	149.86	161.14	168.16	169.57	163.38	153.70	152.85
		148.54	150.03	159.16	169.39	171.32	170.18	169.40	160.21	155.32
Soymeal Delivered	468	468	468	469	469	469				
Corn Delivered	279	281	283							

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