



Hog Margin Outlook

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Friday, January 04, 2013

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

US Slaughter	
433,000	Thursday
430,000	Thursday (year ago)
W. Corn Belt	\$81.52
National Price	\$83.75
Daily Sig 3	\$147.23
Daily Sig 4	\$146.46
Thunder Creek	\$148.11
4-Month Fwd	\$155.54
#1 Export Sows (+500lbs)	\$ 40.50 cwt.
B of C Ex. Rate (Noon)	
\$0.9853 CAD/\$1.0149 USD	
Cash Prices: Week Ending January 4, 2013	
Signature 3	66.79/147.25
Signature 4	66.42/146.43
h@ms Cash	65.74/144.93
Hylife	n/a
Thunder Creek	66.72/147.10
ISO Weans	\$59.49 US Avg.
Feeder Pigs	\$70.90 US Avg.

Forward contract prices opened higher this morning.

US cash markets made gains in trade yesterday and are expected to finish the week slightly higher than where they started. The pork cut-out found some needed support, increasing \$1.70/cwt. in trade yesterday, with all but one of the primal cuts contributing positively to the gains. Yesterday, the USDA's new rule on mandatory reporting of wholesale pork cuts became active. It is hoped that this requirement by processors will lead to a new, reliable source of pork price data that may be used in cash market formula pricing. However, it will be months before the rule is fully implemented and monitored. Nearby Lean Hog futures are holding a \$4.00/cwt. premium to the current cash market, reflecting a cautious optimism by the market. Summer month contracts experienced a significant drop in value early in the week in response to last week's Hogs and Pigs report, but have since recovered about half of those losses. Forward contracts for the spring and summer timeframe currently represent fair value when compared to 2012 cash prices.

Canadian delivered soymeal prices opened lower this morning.

Nearby US soybean futures are trading mixed this morning. Losses yesterday mostly reflect a bout of technical trading that saw most soybeans futures approach prices last seen in July 2012; before the sharp increase due to the drought. The market is expecting cooler US export demand and a downward trajectory to US soybean futures is expected as demand shifts to South America's new crops now starting to be harvested.

Canadian delivered corn prices opened mixed this morning.

US corn futures are trading lower this morning. Export demand for US corn has still failed to develop, favoring the bears. Domestically, it was reported that corn use in ethanol rose above the 86.6 million bu. needed to reach the USDA demand side estimates last week. However, last week also marked the 22nd week of negative margins for ethanol producers, tempering domestic demand for US corn.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		149.36	150.72	152.38	165.80	170.78	173.16	162.35	154.62	151.89
		152.53	153.44	164.16	174.41	175.31	175.44	172.53	156.44	155.99
(Maple Leaf Sig. #4)		147.79	151.21	152.04	162.22	169.24	170.50	163.29	153.60	152.82
		149.72	152.09	161.34	170.47	172.40	171.74	170.06	160.12	155.30
Soymeal Delivered	464	464	464	465	465	465				
Corn Delivered	279	280	283							

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