



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

Hog Margin Outlook

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Tuesday, January 08, 2013

Forward contract prices opened higher this morning.

US cash markets are expected to trade near steady today. Packer demand remains firm but is accompanied by an 'uneasiness' in chasing live supplies by substantially increasing bids. The pork cut-out remains at the high end of its recent trading range, but packers seem unwilling to bid their margins into the red. Influence from competing meats has been positive, with beef prices supporting pork due to the tight supply. In fact, nearby Live Cattle futures are trading just shy of contract and record highs. Lean Hog futures are trading with more caution as supplies are expected to stay very close with year ago levels; no obvious changes to demand are on the horizon. For hog markets to gain beyond year ago levels, the US economy will need to continue growing and export markets will have to match last year's impressive volumes, without sales to Russia. The Canadian Dollar has developed a steady trend since the New Year began with no news taking it outside of this tight trading range.

Canadian delivered soymeal prices opened higher this morning.

Nearby US soybean futures opened higher this morning. Technical buying is supporting prices despite a slowing export demand and favourable production estimates in South America; despite drier weather, production estimates are approaching 85 million tonnes. US export shipments remain ahead of 5-year averages, but the WASDE Report is expected to state a modestly higher ending stocks estimate as a result of slightly increased US soybean yields.

Canadian delivered corn prices opened lower this morning.

Nearby US corn futures opened higher this morning. While corn prices remain relatively static, technical buying and more competitive US prices have given a bullish tone to the trade. However, while not at the \$20 premium last month, US corn remains at a \$15-\$17 premium to Brazil pricing. Analysts are expecting poor export performance to be offset by cuts in production estimates as a result of the drought which has resulted in an estimated 9.5% abandonment.

US Slaughter	
432,000	Monday
428,000	Monday
W. Corn Belt	\$83.37
National Price	\$84.35
Daily Sig 3	\$150.68
Daily Sig 4	\$147.62
Thunder Creek	\$150.95
4-Month Fwd	\$155.98
#1 Export Sows (+500lbs)	\$ 39.00 cwt.
B of C Ex. Rate (Noon)	
\$0.9860 CAD/\$1.0141 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	64.71/142.67
Thunder Creek	66.72/147.10
ISO Weans	\$59.82 US Avg.
Feeder Pigs	\$70.87 US Avg.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		150.22	149.44	150.99	165.12	170.11	172.73	162.20	154.46	151.43
		152.49	152.16	162.79	173.74	174.65	175.00	172.40	156.28	155.53
(Maple Leaf Sig. #4)		148.80	149.98	150.70	161.56	168.60	170.09	163.16	153.46	152.37
		149.68	150.86	160.02	169.83	171.76	171.32	169.94	159.98	154.84
Soymeal Delivered	478	478	478	479	479	479				
Corn Delivered	277	279	281							

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