



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

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 09, 2013

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Forward contract prices opened lower this morning.

US cash market bids dropped sharply in trade yesterday with most regions reporting declines of more than \$2.00/cwt. The two previous weeks of holiday shortened slaughter schedules has increased the available supply for this week, but some analysts are suggesting that producers do not have a backlog of heavier weight animals waiting to come to market. The pork cut-out should see some strength coming from the recent 5% reduction in pork production compared to last year, which should help to support cash bids. This morning, Lean Hog futures are reacting to the sharp drop in the cash market, with most months seeing a drop between \$0.50/cwt. and \$1.00/cwt. Cash prices are currently trading within 1% of year ago levels, whereas current futures are trading at a modest premium to where 2012 futures were trading. Summer month Lean Hog contracts were trading around \$95/cwt. in early January 2012, compared to the current \$98/cwt., reflecting more optimism by the market.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading mixed this morning with soybean meal futures trading lower across all contracts. The government of Brazil's crop forecasting agency, CONAB, has revised crop production upward to 82.68 million tonnes and some private analysts are predicting as much as 85 million tonnes. There are rumors that production estimates for Brazil and US ending stocks will be adjusted upward in the upcoming WASDE Report as well.

Canadian delivered corn prices opened higher this morning. Nearby US corn futures are trading higher this morning while lower futures are offered for December into 2014. Analysts note that nearby support is a function of firm cash offers, strong spreads and rumors that the WASDE Report will back a bullish tone. Poor exports are expected to be offset by the effects of last year's drought. Brazil has raised its corn production estimate upward to 72.2 million tonnes against the USDA's 70 million.

US Slaughter	
428,000	Tuesday
419,000	Tuesday (year ago)
W. Corn Belt	\$80.92
National Price	\$84.78
Daily Sig 3	\$146.44
Daily Sig 4	\$148.58
Thunder Creek	\$146.58
4-Month Fwd	\$153.47
#1 Export Sows (+500lbs) \$ 39.00 cwt.	
B of C Ex. Rate (Noon) \$0.9873 CAD/\$1.0128 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)		147.18	146.67	148.48	162.92	167.91	170.19	163.73	156.00	153.12
		149.44	149.38	160.28	171.54	172.45	172.47	170.01	157.82	157.22
(Maple Leaf Sig. #4)		145.85	147.29	148.27	159.43	166.47	167.63	164.10	154.94	154.01
		146.73	148.16	157.59	167.70	169.63	168.86	167.63	161.46	156.49
Soymeal Delivered	477	477	477	478	478	478				
Corn Delivered	284	284	284							

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