



# Hog Margin Outlook

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Thursday, January 10, 2013

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

US Slaughter	
428,000	Wednesday
425,000	Wednesday (year ago)
W. Corn Belt	\$83.10
National Price	\$84.57
Daily Sig 3	\$150.31
Daily Sig 4	\$148.12
Thunder Creek	\$150.14
4-Month Fwd	\$151.57
#1 Export Sows (+500lbs)	\$ 39.00 cwt.
<b>B of C Ex. Rate (Noon)</b>	
\$0.9868 CAD/\$1.0133 USD	
<b>Cash Prices: Week Ending January 4, 2013</b>	
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.

## Forward contract prices opened lower this morning.

US cash markets recovered more than \$2.00/cwt. from early week losses across most regions yesterday, with packers competing for the supply of live hogs. Typically, the first full slaughter week after two holiday shortened weeks results in abundant supplies and lower bids from packers. This year, producers entered the holidays with relatively light carcass weights and a quick recovery to prices resulted as producers were current with their marketings. However, futures markets were considerably less optimistic for the longer term, with all but two of the 2013 contracts dropping more than \$2.00/cwt. Recent cash market weakness may have triggered fund selling, as funds are holding a large long position and technical indicators have turned slightly bearish recently. The Canadian Dollar continues in a holding pattern, with little influence from positive outside markets.

## Canadian delivered soymeal prices opened lower this morning.

US soybean futures opened mixed this morning. Strong US export demand is turning toward South America and there are rumors that more cancellations could put US cancelled volumes over the one million tonne mark; demand from China is widely expected to wane. Analysts are expecting tomorrow's WASDE Report to show minor decreases in December 1 stocks but also modestly improved yields which could result in slightly higher production estimates for the month.

## Canadian delivered corn prices opened mixed this morning.

Nearby US corn futures are trading higher this morning continuing the upward trend in the overnight session. Although export demand currently remains approximately 1/10<sup>th</sup> below what is needed to reach USDA estimates, a strong wheat trade is pulling up corn with further domestic support coming from a strong basis and an increase in ethanol production. New export data will be released today and will be followed by the WASDE Report tomorrow. December 1 stocks, harvested acreage and production estimates are all expected to be comparatively low.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		145.73	146.31	146.40	160.94	165.94	168.01	158.66	150.94	148.23
		147.99	147.21	158.21	169.57	170.48	170.29	167.96	152.76	152.33
(Maple Leaf Sig. #4)		144.45	145.18	146.26	157.52	164.91	165.51	159.71	150.04	149.28
		145.32	146.06	155.59	165.79	167.73	166.75	165.64	156.54	151.75
Soymeal Delivered	476	476	476	476	476	476				
Corn Delivered	282	284	286							

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