



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, January 11, 2013

Forward contract prices opened lower this morning. US cash prices are finishing steady to slightly lower as packers scheduled a relatively modest slaughter of 140,000 hogs for tomorrow's weekend slaughter. Packers are cautious of bidding the cash market higher as there is currently no profit in their operating margins; the value of the pork primal cuts is selling for less than what packers paid for the live hogs. Lean Hog futures are finishing the week about \$2.00/cwt. lower than where they started. Weaker cash markets early in the week proved to be a catalyst for fund selling. Hedge funds had grown a large long position over previous weeks, but when technical indicators started to signal a bearish trend, the selling out of the positions started. Consequently, the February Lean Hog futures are trading with no premium to the cash market and suggest that upside potential to the cash market for the next month will be limited. The Canadian Dollar hit a new 2 month high in trade this morning, stemming from better than expected trade data from China, mitigating fears of a global economic slowdown.

Canadian delivered soymeal prices opened lower this morning. US Soybean futures opened lower this morning. Despite some rumors of soggy fields, the outlook for the South American crop continues to be positive, pressuring prices. US soybean sales to China were announced yesterday, but most analysts believe that a continued decline in demand for US beans is on the horizon. Traders are anticipating today's WASDE Report, which will be released at 11:00AM local time.

Canadian delivered corn prices opened lower this morning. US corn futures opened lower this morning ahead of today's WASDE Report. However, the trade is widely expected to reflect trends earlier in the week after the release. Earlier in the week, weaker ending stocks, harvested acreage and production estimates were all propping prices. More recently, wheat has been leading crop prices, and the announcement that the south and central US wheat growing areas are 'disaster areas' from lack of moisture is expected to also prop corn in the medium term.

US Slaughter	
432,000	Thursday
425,000	Thursday (year ago)
W. Corn Belt	\$83.64
National Price	\$84.71
Daily Sig 3	\$151.17
Daily Sig 4	\$148.26
Thunder Creek	\$151.01
4-Month Fwd	\$150.87
#1 Export Sows (+500lbs)	\$ 39.00 cwt.
B of C Ex. Rate (Noon)	
\$0.9860 CAD/\$1.0141 USD	
Cash Prices: Week Ending	
January 11, 2013	
Signature 3	68.02/149.95
Signature 4	67.06/147.85
h@ms Cash	66.38/146.35
Hylife	n/a
Thunder Creek	67.40/148.60
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)		144.93	143.76	145.43	160.54	165.52	169.55	158.44	150.74	147.73.
		147.19	146.47	157.19	169.14	170.04	170.01	167.69	152.55	151.81
(Maple Leaf Sig. #4)		143.67	144.46	145.30	157.13	164.14	165.24	159.49	149.83	148.77
		144.54	145.33	154.59	165.36	167.29	166.47	165.36	156.33	151.23
Soymeal Delivered	466	466	466	465	465	465				
Corn Delivered	281	283	284							

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