

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, January 14, 2013

Forward contract prices opened higher this morning.

US cash markets are expected to trade steady to slightly higher this week as packers look to increase production after 3 weeks of a reduced slaughter schedule. US packer operating margins remain under pressure as the pork cut-out has failed to see any benefit from wholesalers restocking after the holidays. Hog supplies continue to be steady with year ago levels and consistent with the most recent Hogs and Pigs estimates. Lean Hog futures are trading at their lowest level in 3 months, pressured by last week's cash weakness and possibly fund selling. As of last Tuesday, the net fund position was reported at long 48,500 contracts, the largest position seen in a year and among the largest ever. Some traders suggest that funds started to sell out of this position late last week, but we will not get confirmation of this until the end of this week. The Canadian Dollar continues its steady trend, trading about one cent over parity with the US dollar.

Canadian delivered soymeal prices opened higher this morning.

US soybeans are trading higher this morning. Although the WASDE Report initially influenced a bearish tone to the market, prices have rebounded; the 24.5% increase reported in the Brazil harvest will most likely be offset by reductions in Argentina. Support to the market also comes amidst projections that soybean meal consumption is predicted to move higher in Southeast Asia and Russia. Recent concerns regarding South American weather have analysts predicting an upward trend in the short-medium term.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading higher this morning. Nearby futures are trading at prices last seen in mid-December with analysts predicting an upward trajectory in the short term. Domestic feed and residual use, now estimated at 300 million bushels higher, is driving this price support. It is commonly thought that these higher use levels will more than offset the meagre corn exports, leaving ending stocks tighter than anticipated with prices uncertain.

US Slaughter	
2.284 mil.	Last Week
2.218 mil.	Last Week (year ago)
W. Corn Belt	\$82.30
National Price	\$84.98
Daily Sig 3	\$148.46
Daily Sig 4	\$148.44
Thunder Creek	\$148.76
4-Month Fwd	\$151.52
#1 Export Sows (+500lbs)	\$ 39.00 cwt.
B of C Ex. Rate (Noon)	
\$0.9841 CAD/\$1.0161 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	65.59/144.60
Thunder Creek	67.40/148.60
ISO Weans	\$57.28 US Avg.
Feeder Pigs	\$72.61 US Avg.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		145.78	144.66	146.22	160.76	165.74	168.75	159.48	151.76	148.98
		148.04	147.37	158.00	169.37	170.27	171.02	168.61	153.58	153.08
(Maple Leaf Sig. #4)		144.50	145.34	146.07	157.34	164.36	166.23	160.51	150.83	150.00
		145.37	146.22	155.37	165.59	167.52	167.46	166.26	157.34	152.47
Soymeal Delivered	481	481	481	480	480	480				
Corn Delivered	291	293	295							

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