



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

Hog Margin Outlook

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Thursday, January 17, 2013

Forward contract prices opened higher this morning.

US cash markets were able to make modest gains in trade yesterday, with packers having a harder time finding the live supplies to meet their planned production schedule. However, slightly improved pork product values have provided some needed optimism, with the voluntary pork cut-out seeing a \$0.50/cwt. increase. The gain comes from stronger loin, ham and belly prices, which together make up about 65% of the carcass by weight. Lean Hog futures have resisted any significant influence from the cattle complex, as it has given up close to 5% of its value over the last 5 weeks. Longer term, the short supply of cattle is expected to trigger a rally into the summer months that could advantage pork at the retail meat counter. The Canadian Dollar continues its steady trend, discounting projections by the World Bank of a slow global economic recovery and maintaining its tight 2-cent trading range over the last two months.

Canadian delivered soymeal prices opened higher this morning.

Nearby US soybean futures are trading higher this morning. Drier than normal weather in the soybean growing regions of South America is influencing trading, but most analysts maintain that estimated production is not yet at issue. Meanwhile, a major US agricultural intelligence firm has lowered Argentine estimates, but left Brazil estimates unchanged. A bullish tone to the market is also supported by technical buying and rumors that China is purchasing new crop US soybeans.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading lower this morning. Corn is currently bound to 'external' market dynamics which are all adding pressure. Overnight soybeans and wheat were trading lower, pressuring corn. As well, meagre global economic outlooks amid lower US equities trading have been factors limiting commodity gains. However, support for corn is currently found as traders react to reports of weather related issues in South America.

US Slaughter	
428,000	Wednesday
422,000	Wednesday
W. Corn Belt	\$85.07
National Price	\$85.36
Daily Sig 3	\$153.59
Daily Sig 4	\$149.25
Thunder Creek	\$153.18
4-Month Fwd	\$153.99
#1 Export Sows (+500lbs) \$ 39.50 cwt.	
B of C Ex. Rate (Noon) \$0.9850 CAD/\$1.0152 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)		149.97	145.84	147.45	161.91	166.89	170.12	161.12	153.39	150.57
		150.42	148.56	159.23	170.52	171.42	172.40	169.76	155.21	154.67
(Maple Leaf Sig. #4)		147.33	146.49	147.26	158.45	165.82	167.56	162.10	152.42	151.54
		147.68	147.36	156.56	166.70	168.63	168.79	167.38	158.93	154.01
Soymeal Delivered	489	489	489	487	487	487				
Corn Delivered	297	299	301							

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