



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, January 18, 2013

Forward contract prices opened mixed this morning.

US cash markets are finishing the week with good gains, as packers were pressured to bid the market higher due to tighter live supplies. The combination of a slight reduction in numbers and lower carcass weights has left some packers short of supply. However, voluntary pork product values have so far failed to reflect the tighter supply in their prices, resulting in packer operating margins estimated at -\$5.00 per hog. Lean Hog futures saw direct influence from the firmer cash market in trade yesterday, with no apparent influence from the sharply lower cattle complex. Cattle futures dropped their allowable daily limit after Cargill announced it would be closing its plant in Plainview, Texas in response to tight supplies. Per capita beef production is expected to decline by 3.5% due to tight cattle supplies in 2013, which is supportive to hog and pork markets.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading mixed this morning. US export data reveals that total sales could more than offset December cancellations and that only 117,000 tonnes/week are needed to reach USDA forecasts. Comparatively, net weekly sales have been in excess of 1.6 million tonnes. There is talk that weather related issues in Brazil could delay harvests and impede deliveries to port. Some analysts suggest buyers might turn to US beans if delays become considerable.

Canadian delivered corn prices opened lower this morning.

US corn futures are trading higher this morning. An increase in Chinese GDP has increased global market confidence pulling up commodities. Analysts cite unexpected export sales as supporting the bull camp. However, export demand remains 200 million bu. below previous estimates. Keeping careful watch on the weather, agricultural analysts have kept Argentine estimated corn acreage unchanged for now and have raised Brazil's production estimates, somewhat keeping prices in check.

US Slaughter	
430,000	Thursday
424,000	Thursday
W. Corn Belt	\$86.42
National Price	\$85.63
Daily Sig 3	\$156.08
Daily Sig 4	\$149.75
Thunder Creek	\$156.16
4-Month Fwd	\$155.00
#1 Export Sows (+500lbs)	\$ 39.50 cwt.
B of C Ex. Rate (Noon)	
\$0.9853 CAD/\$1.0149 USD	
Cash Prices: Week Ending January 18, 2013	
Signature 3	68.82/151.73
Signature 4	67.56/148.94
h@ms Cash	66.88/147.44
Hylife	n/a
Thunder Creek	67.81/149.50
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)		150.63	147.20	148.82	162.44	167.46	169.81	160.95	153.19	150.59
		151.08	149.94	160.70	171.12	172.03	172.09	169.68	155.02	154.72
(Maple Leaf Sig. #4)		147.98	147.84	148.62	158.98	167.30	167.27	161.96	153.23	151.60
		148.34	148.73	158.01	167.30	169.24	168.51	167.32	158.78	154.09
Soymeal Delivered	486	486	486	485	485	485				
Corn Delivered	292	294	296							

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Door prizes and lunch provided.
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