



Hog Margin Outlook

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Tuesday, January 22, 2013

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

US Slaughter	
2.227 mil.	Last Week
2.217 mil.	Last Week (year ago)
W. Corn Belt	\$85.61
National Price	\$85.92
Daily Sig 3	\$155.87
Daily Sig 4	\$151.48
Thunder Creek	\$155.76
4-Month Fwd	\$154.41
#1 Export Sows (+500lbs)	\$ 39.50 cwt.
B of C Ex. Rate (Noon)	
\$0.9933 CAD/\$1.0067 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	66.16/145.85
Thunder Creek	67.81/149.50
ISO Weans	\$54.74 US Avg.
Feeder Pigs	\$73.33 US Avg.

Forward contract prices opened mixed this morning.

US cash markets are called to open narrowly mixed, with the combination of tight hog supplies and weak product values at odds with each other. Yesterday's Martin Luther King federal holiday had a modest impact on the market, with most packers finding their slaughter requirements. Compared to last year, the price of all of the individual primal cuts are similar, with the exception of pork bellies that is running at a 20% premium. Currently, all signs suggest supplies and prices will track closely with year ago levels. Nearby Lean Hog futures are priced at levels comparable to the 2012 cash market, with traders relying on a repeat of exceptional export sales. Summer month contracts have come under pressure, failing to recover from earlier technical weakness and the influence of a 5% drop in cattle values over the last week. The Canadian dollar is maintaining its tight 2 month trading range, with no fundamental factors triggering a divergence from this trend.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures opened higher across all offered contracts this morning. Recent commercial buying indicates demand remains strong. South American weather is not ideal; too dry in Argentina and too wet in Brazil. While Argentine production estimates have yet to be revised significantly, it is believed that the delay in harvest in Brazil is a larger problem. Ships could be held up and queued in ports where infrastructure reliability is already an issue.

Canadian delivered corn prices opened higher this morning.

US corn futures are trading higher this morning. Corn growing regions in Brazil and Argentina have analysts keeping a watchful eye on crop developments in South America. Despite regional dryness, there are reports that subsoil moisture is in surplus. There is a general bullish tone to the market, but technical analysts are also saying there is a risk of profit taking if prices do not rise high enough. Most traders are back at work today following the US civic holiday yesterday.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		150.16	147.21	148.90	163.07	168.10	170.69	161.43	153.65	150.74
		150.62	149.95	160.79	171.75	172.67	172.98	170.56	155.48	154.87
(Maple Leaf Sig. #4)		147.53	147.85	148.71	159.59	166.68	168.13	162.45	152.69	151.75
		147.89	148.73	158.09	167.91	169.86	169.37	168.18	159.26	154.24
Soymeal Delivered	497	497	497	495	495	495				
Corn Delivered	297	297	299							

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