

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

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 23, 2013

For details call: (204)235-2237 or visit  
<http://hamsmarketing.ca>

## Forward contract prices opened mixed this morning.

US packers are struggling with negative operating margins as the price of wholesale cuts continues to lag to that of what they are paying for the live hogs. Hog numbers have been tighter than anticipated and this combined with lower carcass weights is impacting pork production. If numbers and weights continue on this trend, the 1<sup>st</sup> Quarter of 2013 will yield around 500 million pounds less pork than the 4<sup>th</sup> Quarter of 2012, resulting in the biggest decline in production over this timeframe. USDA released its Monthly Cold Storage report yesterday which showed that supplies are still 14% larger than last year's levels. Lean Hog futures responded to the report negatively. Most contracts traded close to \$0.50/cwt. lower in the overnight session as traders were expecting to see a larger drawdown in supplies. The Bank of Canada is expected to leave interest rates unchanged at 1% in their announcement this morning, but currency traders will be watching for evidence of a shift in policy from the ultra-low interest rates that have been present for the last 4 years.

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading lower this morning. Despite this, there is a general consensus that nearby futures will trade slightly higher in the short term. Technical buying, news of more exports to China, and weather-related harvest delays in South America are all supporting the nearby futures trade. However, crop estimates in South America are still high and there is talk of a bearish trend looming.

## Canadian delivered corn prices opened lower this morning.

US corn futures are trading lower this morning. Export pace remains weak at 30% compared to the 5-year average of 36%. There is uncertainty regarding ethanol production with last week's report suggesting evidence of rationing and a slower production pace moving into the spring. However, strength in soybeans and the recent dryness in South America have analysts now concerned about subsoil moisture drawing down and is propping prices.

US Slaughter	
429,000	Tuesday
424,000	Tuesday
W. Corn Belt	\$85.82
National Price	\$86.90
Daily Sig 3	\$156.27
Daily Sig 4	\$153.23
Thunder Creek	\$157.12
4-Month Fwd	\$155.31
#1 Export Sows (+500lbs) \$ 37.00 cwt.	
<b>B of C Ex. Rate (Noon)</b> \$0.9934 CAD/\$1.0066 USD	
<b>Cash Prices: Week Ending January 18, 2013</b>	
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.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		151.25	147.00	148.67	163.31	168.37	170.72	161.91	153.88	151.01
		151.71	149.75	160.61	172.04	172.96	173.02	170.59	155.72	155.16
(Maple Leaf Sig. #4)		148.60	147.67	148.50	159.84	166.96	168.17	162.74	152.94	152.04
		148.95	148.56	157.94	168.20	170.16	169.42	168.23	159.53	154.54
Soymeal Delivered	498	498	498	497	497	497				
Corn Delivered	296	296	298							

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## New Rosedale Feed Mill Suppliers Day Producers are Invited!

Friday February 15, 2013 11:00AM-4:00PM  
Supplier/Industry Demonstrations and Displays.  
Door prizes and lunch provided.  
Contact Stan or Tim at 204-252-2053 for more information.

