



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

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 24, 2013

For details call: (204)235-2237 or visit
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Forward contract prices opened higher this morning.

US cash markets are trading higher today as packers are competing for the limited supply of uncommitted hogs. The result has been a run up of close to \$3.00/cwt. so far this week and packer margins are suffering from this competition, as the pork cut-out has not followed the same trend. Current packer margins are estimated to be in a loss position of about \$5.00/pig, a rare circumstance for this time of year. Lean Hog futures are trading higher this morning, with some contracts gaining over \$1.00/cwt. Traders have renewed optimism on the spring and summer month contracts, after the recent cash market support. However, pork product prices will need to rally by close to \$5.00/cwt. over the next 3 - 5 weeks for the futures to maintain their premium over the cash market. Language in the Bank of Canada's interest rate announcement lead traders to believe there is no hike expected in 2013, putting our currency under parity with the US Dollar.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures opened lower this morning. Although demand for beans remains strong, analysts note that South American weather is adding uncertainty and that the market appears to be moving in tandem with new reports from that region. There are reports that yields from Brazil are above average at 55 bags (Brazilian yield measurement) per hectare at 3% of the harvest. There are also reports stating there have only been minor disruptions at the ports and that weather-related shipping delays should be minimal.

Canadian delivered corn prices opened even this morning.

US corn futures opened lower this morning. Profit taking and technical selling are partly behind the latest drop in prices amid talk of a market correction. As well, the sharp downturn in soybeans yesterday has also pulled corn down. Further adding to the bearish tone was weaker domestic ethanol production reported in early January; a new report is due today. Brazilian corn remains at a \$14/tonne discount to the US variant.

US Slaughter	
426,000	Wednesday
424,000	Wednesday (year ago)
W. Corn Belt	\$87.09
National Price	\$87.17
Daily Sig 3	\$159.41
Daily Sig 4	\$154.51
Thunder Creek	\$160.12
4-Month Fwd	\$158.01
#1 Export Sows (+500lbs) \$ 37.00 cwt.	
B of C Ex. Rate (Noon) \$0.9986 CAD/\$1.0014 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.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		154.34	150.11	151.80	165.45	170.52	172.60	163.19	155.34	152.37
		154.80	152.86	163.79	174.20	175.12	174.91	172.27	157.19	156.53
(Maple Leaf Sig. #4)		151.59	150.70	151.55	161.91	169.05	170.00	164.19	154.36	153.37
		151.95	151.59	161.02	170.30	172.26	171.25	169.86	160.97	155.88
Soymeal Delivered	487	487	487	486	486	486				
Corn Delivered	296	296	298							

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