



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

Hog Margin Outlook

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Monday, January 28, 2013

Forward contract prices opened higher this morning.

US cash markets are expected to trade near steady with last week, as packers are hesitant to increase their bids further without a positive move to pork product prices. Last week's slaughter of 2.16 million hogs and carcass weights of 208 lbs. were equivalent to year ago levels, resulting in the same weekly pork production total one year ago. This is consistent with the December Hogs and Pigs report which forecasted no change from year ago levels. Lean Hog futures opened firmer this morning, with positive influence coming from a sharply higher cattle market which benefitted from Friday's bullish Cattle-on-feed report. With supplies projected near year ago, traders are focusing on demand factors to help forecast price deviations from last year. The Canadian Dollar has dropped to the lowest level in six months on ideas of a sluggish domestic economy delaying any increases in interest rates.

Canadian delivered soymeal prices opened higher this morning.

Nearby US soybean futures opened lower this morning. A sluggish UK economic outlook and rumors that spending cuts in the US may not be 'off the table' have cooled commodities. Traders are awaiting more economic reports due this morning for market signals. Brazil's weather outlook remains favourable and the harvest is reported as 7.1% complete versus 5.8% last year. Foreign buyers are expected to shift their interest to the region from the US imminently but US export numbers remain strong and are supportive to the trade.

Canadian delivered corn prices opened lower this morning.

Nearby US corn futures opened lower this morning but higher values are being reported for new crop futures. Weather in South America has added market uncertainty in the corn trade amid poor US export data. The outlook for Brazil remains favourable for row crop growth but Argentina is struggling with dryness. Estimates are largely unchanged for now, but reductions are expected for Argentina. Some analysts are saying February's weather will be crucial.

US Slaughter	
2.159 mil.	Last Week
2.154 mil.	Last Week (year ago)
W. Corn Belt	\$85.64
National Price	\$88.27
Daily Sig 3	\$158.20
Daily Sig 4	\$157.91
Thunder Creek	\$158.11
4-Month Fwd	\$161.56
#1 Export Sows (+500lbs)	\$ 37.00 cwt.
B of C Ex. Rate (Noon)	
\$1.0078 CAD/\$0.9922 USD	
Cash Prices: Week Ending January 25, 2013	
Signature 3	71.64/157.93
Signature 4	69.73/153.72
h@ms Cash	69.05/152.22
Hylife	68.75/151.57
Thunder Creek	69.72/153.70
ISO Weans	\$51.98 US Avg.
Feeder Pigs	\$75.70 US Avg.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		151.22	153.19	166.50	171.60	174.53	164.91	157.48	154.27
		154.30	165.25	175.31	176.24	176.85	173.88	158.88	158.46
(Maple Leaf Sig. #4)		152.11	152.93	162.94	170.12	171.88	169.28	156.01	155.25
		153.01	162.45	171.38	173.36	173.14	171.43	162.66	157.78
Soymeal Delivered	496	496	495	495	495				
Corn Delivered	296	296	298						

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