



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

Hog Margin Outlook

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Thursday, January 31, 2013

Forward contract prices opened lower this morning.

US cash markets spiked higher in trade yesterday as weather disruptions are leaving packers short of supplies for this week's kill. A relatively small daily kill of 417,000 hogs is proof of tight supplies and producers are current with marketings as carcass weights are running at 208 lbs., comparable to year ago levels. The pork cut-out rallied to the highest level in almost 3 months before weakness developed yesterday. All of the primal cuts are still running close to year ago levels with the exception of pork bellies which are at nearly a 20% premium. Lean Hog futures continue to trade in a slightly bullish trend, seeing little influence from the weak cash market fundamentals. The Canadian Dollar is maintaining its recent weakness relative to its US counterpart, as the Bank of Canada's recent policy statement suggested that growth potential for the domestic economy is limited to around 2%.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures opened lower this morning. This decrease follows lower overnight trading amid rumors of profit taking as traders attempted to take advantage of yesterday's sharp movement higher. The Buenos Aries Grain Exchange reports that crops are 99% planted but dry weather could threaten yields. No changes in production estimates have been officially made although they range between 50 and 54 million tonnes. Brazil is still expected to produce a record crop despite weather and logistics concerns.

Canadian delivered corn prices opened higher this morning.

US corn futures opened lower this morning amid much uncertainty. Argentina's weather is increasingly influencing trades and some analysts are starting to adjust their production estimates. Needed rain is expected on the weekend but it is unclear how much will actually fall; January's rainfall is 50% of 'normal'. Despite increasing (i.e. less negative) ethanol margins, yesterday's Ethanol Report indicated a drop in usage of 83.16 million bushels of US corn.

US Slaughter	
417,000	Wednesday
417,000	Wednesday (year ago)
W. Corn Belt	\$86.71
National Price	\$88.53
Daily Sig 3	\$159.46
Daily Sig 4	\$157.66
Thunder Creek	\$159.25
4-Month Fwd	\$161.14
#1 Export Sows (+500lbs) \$ 35.50 cwt.	
B of C Ex. Rate (Noon) \$1.0033 CAD/\$0.9967 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)		150.85	152.49	166.51	171.56	174.51	164.38	156.55	153.84
		153.60	164.43	175.24	176.16	176.81	173.81	158.39	157.99
(Maple Leaf Sig. #4)		151.41	152.20	162.93	170.05	171.84	165.33	155.52	154.78
		152.30	161.63	171.30	173.26	173.09	171.34	162.12	157.29
Soymeal Delivered	507	507	507	506	506	506			
Corn Delivered	303	303	305						

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