



# Hog Margin Outlook

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

Tuesday, September 11, 2012

**Forward contract prices opened lower this morning.** U.S. cash markets could find some needed support in the coming days as there are indications that hog numbers will be more manageable. Some of the reporting regions have seen an easing in hog numbers combined with a slowing in the rate of increase in hog weights. Cash market bids are now trading close to 10% lower than year ago levels whereas wholesale cuts are trading only 5% lower. The pork cut-out has been trading firm at levels near \$78/cwt, a level that returns packers a good margin on production operations. Lean Hog futures rallied in trade yesterday, sensing some support in the cash market. The nearby contracts are holding a modest premium to the cash market, suggesting that traders believe the cash market will recover about \$5.00/cwt in value over the next month. The Canadian Dollar has been benefitting from rumors that the U.S. Federal Reserve may be considering another round of bond buying, which would stimulate the U.S. economy.

**Canadian delivered soymeal prices opened lower this morning.** Soybean harvest is reported at 4% completed this week, 3% higher than last year. The crop condition report indicated an increase in the good to excellent ratings by 2% to 32%. Weather is forecast to be amicable for harvest in this next week. Brazil soybean planting is expected to start next week, however due to dry conditions some farmers may wait for moisture.

**Canadian delivered corn prices opened higher this morning.** Corn harvest is 15% complete this week, an increase of 5% from last week. The percentage of the crop that is mature is reported at 58%, which has increased by 17% from last week. The good to excellent rating remains the same at 22%. Harvest is going strong, with supportive weather. Argentina is experiencing some flooding which may have an impact on the corn acreage.

US Slaughter	
436,000	Monday's
423,000	Monday's (year ago)
Western Corn Belt	\$64.59
Daily National Price	\$74.21
Daily Sig3(M.Leaf)	\$115.58
Daily Sig4(M.Leaf)	\$128.58
Thunder Creek	\$115.32
4-Month Fwd Avg	\$123.11
#1 Export Sows (+500lbs)	\$29.00cwt
<b>B of C Ex. Rate (Noon)</b>	
\$0.9762CAD / \$1.0244US	
<b>Cash Prices: Week Ending September 7th, 2012</b>	
56.79/125.19	Signature #3
63.01/138.92	Signature #4
57.43/126.62	h@ms Cash
59.52/131.22	Hylife
61.28/135.10	Thunder Creek
ISO Weans	\$3.50-20US
Feeder Pigs	\$13-22US

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		119.44	114.47	116.26	117.32	128.96	135.55	140.95	161.23	166.19
(Maple Leaf Sig. #4)		124.35	119.38	120.28	126.28	133.44	137.34	154.47	169.79	170.69
Soymeal Delivered	594	578	579	579						
Corn Delivered	321	309								

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WINNIPEG LIVESTOCK  
 HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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