



Hog Margin Outlook

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Thursday, September 20, 2012

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

US Slaughter	
436,000	— Wednesday's
425,000	— Wednesday's (year ago)
Western Corn Belt	\$68.68
Daily National Price	\$71.13
Daily Sig3(M.Leaf)	\$122.68
Daily Sig4(M.Leaf)	\$123.04
Thunder Creek	\$122.62
4-Month Fwd Avg	\$132.62
#1 Export Sows (+500lbs)	\$27.00cwt
B of C Ex. Rate (Noon)	
\$0.9745CAD / \$1.0262US	
Cash Prices: Week Ending September 14th, 2012	
52.15/114.96	Signature #3
57.92/127.68	Signature #4
52.68/116.14	h@ms Cash
53.80/118.60	Hylife
55.47/122.30	Thunder Creek
ISO Weans \$5-30US	
Feeder Pigs \$8-19US	

Forward contract prices opened lower this morning. U.S. cash markets received a much needed boost in trade yesterday as packer bids jumped by an average of \$2.50/cwt. across all reporting regions. Packers have had a strong incentive to maximize their slaughter schedule over the last several weeks with their operating margins running over \$20/head. Wholesale pork prices have been remarkably firm amid the heavy volumes that have been traded, a strong indication that a good portion of the price decline has been passed on to the consumer. Lean Hog futures saw bullish influence from the cash market trade, with the nearby contracts trading at a premium of close to 10% over the current cash market. Producers should continue to look at contracting 2013 production at current values, as hog supplies are expected to remain similar to levels seen in early 2012, but export sales are expected to be down. The Canadian Dollar is seeing weakness this morning as signs of a slowing global economy is impacting North America's stock and commodity markets.

Canadian delivered soymeal prices opened lower this morning. Talk of better than anticipated soybean yields has prevented further price appreciation. China has been selling soybean reserves, which is adding a negative tone to the market. Weekly exports are expected to be 650,000 tonnes, which is in line with the 4 week average.

Canadian delivered corn prices opened lower this morning. Ethanol production is up 2.2% from last week. U.S. corn is still trading at a premium over South American and Black Sea corn, resulting in lower export sales. Aflatoxin is being reported as prevalent in Iowa's corn crop, with up to 20 parts per billion being recorded in tests.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)			121.07	122.87	124.15	135.87	139.29	144.34	161.66	166.64	168.49
(Maple Leaf Sig. #4)			122.87	126.92	133.16	140.38	141.10	157.92	170.26	171.16	171.64
			126.12	126.12	128.86	137.86	140.21	146.00	159.18	166.19	167.09
			129.60	131.87	134.54	141.70	143.71	156.69	167.50	169.25	169.71
Soymeal Delivered	551	555	555	555							
Corn Delivered	321	309									

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WINNIPEG LIVESTOCK
 HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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