



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

Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, September 25, 2012

Forward contract prices opened lower this morning. U.S. cash markets shot up by more than \$3.50/cwt. in trade yesterday with packers aggressively competing for still abundant supplies. Yesterday's move higher surprised analysts and traders by the magnitude and timing of the Hog supplies, by historical measures, are abundant while carcass weights are expected to show a counter seasonal decline, indicating that producers are pulling hogs ahead of schedule. Futures traders factored in the higher cash market, by adding \$1.00/cwt. to the nearby contracts, returning prices to levels not seen in a month. The spring and summer month contracts of 2013 have also seen recent support, providing a good hedging opportunity ahead of Friday's highly anticipated Hogs and Pigs report which will impact these prices. The Canadian Dollar is trading near \$1.02 this morning, down approximately 1 ½ cents from levels seen 2 weeks ago.

Canadian delivered soymeal prices opened lower this morning. Soybean harvest was reported to be 22% complete as of Sunday, 12% higher than last week. Harvest is progressing at a record pace with the help of cooperative weather. Crop conditions improved, with a 2% increase to the good to excellent rating to reach a total of 35% this week. The percentage of the crop rated poor to very poor was lowered to 34% this week.

Canadian delivered corn prices opened lower this morning. Corn harvest is at 39% complete, an increase of 13% from last week. Harvest completion was anticipated to be a bit higher, but is still on record pace with good weather in the forecast. The percentage of the crop rated good to excellent remained stable again this week at 24% for corn. The poor to very poor category increased by 1% to 51% this week.

US Slaughter	
436,000	Monday's
426,000	Monday's (year ago)
Western Corn Belt	\$73.19
Daily National Price	\$73.10
Daily Sig3(M.Leaf)	\$131.49
Daily Sig4(M.Leaf)	\$127.17
Thunder Creek	\$131.82
4-Month Fwd Avg	\$133.03
#1 Export Sows (+500lbs)	\$22.05cwt
B of C Ex. Rate (Noon)	
\$0.9801CAD / \$1.0203US	
Cash Prices: Week Ending September 21st, 2012	
53.95/118.94	Signature #3
55.87/123.18	Signature #4
53.52/118.00	h@ms Cash
52.47/115.67	Hylife
51.53/113.60	Thunder Creek
ISO Weans	\$14.11US Avg
Feeder Pigs	\$16.39US Avg

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)			122.36 124.15	124.15 128.19	124.85 133.84	136.53 141.03	140.52 142.32	145.62 159.16	162.59 171.16	167.55 172.06	169.77 172.94
(Maple Leaf Sig. #4)			126.83 130.30	126.83 131.86	128.99 134.65	137.96 141.79	141.37 144.87	147.22 157.88	160.06 168.37	167.06 170.12	168.35 170.97
Soymeal Delivered	542	544	544	544	547						
Corn Delivered		293	293								

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