



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

Hog Margin Outlook

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Forward contract prices opened higher this morning. U.S. cash markets expected to start the week steady with Friday's bids, as packers are unwilling to give up more of their operating margins but are still looking to maximize their slaughter schedule. Last week's slaughter came in at about 2.35 million head, approximately 50,000 fewer than the previous week. Nearby Lean Hog futures are not expected to see huge price changes today, with analysts' expectations not far off the actual report's results. However, the deferred month contracts may see some weakness, as the report estimates the breeding herd at the same size it was one year ago, indicating no significant reduction to the coming hog supply. The Canadian Dollar is trading lower as there is evidence that China's economy is slowing, reducing the demand for Canada's commodities.

Canadian delivered soymeal prices opened lower this morning. Soybeans are experiencing a bearish trend after Friday's USDA Grain Stocks report estimated stocks at 169 million bushels, 37 million bushels higher than originally estimated. However, the longer term outlook still shows tight supply levels and upside risk ahead of the next harvest of the South American soybean crop.

Canadian delivered corn prices opened higher this morning. Corn supplies are tighter than expected as high feed prices have not slowed consumption. Harvest is expected to show 50-55% completion in this afternoon's crop report.

US Slaughter	
2.35 Mill – Last Week's	
2.25 Mill – Last Week's (year ago)	
Western Corn Belt	\$73.30
Daily National Price	\$77.35
Daily Sig3(M.Leaf)	\$132.17
Daily Sig4(M.Leaf)	\$135.06
Thunder Creek	\$132.93
4-Month Fwd Avg	\$125.23
#1 Export Sows (+500lbs)	\$22.05cwt
B of C Ex. Rate (Noon)	
\$0.9837CAD / \$1.0166US	
Cash Prices: Week Ending September 28th, 2012	
59.92/132.11	Signature #3
58.65/129.29	Signature #4
58.70/129.40	h@ms Cash
56.75/125.11	Hylife
55.16/121.60	Thunder Creek
ISO Weans	\$15.14US Avg
Feeder Pigs	\$20.20US Avg

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		105.69	107.25	125.41	137.15	143.15	148.10	165.18	170.16	172.54
		107.25	110.77	134.44	141.67	144.95	161.68	173.78	174.69	175.72
(Maple Leaf Sig. #4)		109.62	109.62	129.58	138.58	143.95	149.64	162.58	169.60	171.04
		112.65	114.01	135.26	142.43	147.45	160.34	170.92	172.67	173.68
Soymeal Delivered	544	544	544	547	547					
Corn Delivered	289	289								

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