

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

Hog Margin Outlook

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Tuesday, October 02, 2012

Forward contract prices opened higher this morning. U.S. cash markets started this week sharply higher as packers appear to be competing aggressively for the available supplies. Midwest reporting regions had cash bids up more than \$3.00/cwt. from Friday's price, resulting in a recent rally of 20% from levels seen a little over two weeks ago. While the pork cut-out has stayed above cash values, estimated operating margins have decreased to one third of the levels seen in early September. Lean Hog futures were supported by the gains in the cash market, but more than that, viewed Friday's Hogs and Pigs report as mildly bullish. Most of the 2013 Lean Hog futures experienced gains that took values back to the highest levels in one or two months, providing a good hedging opportunity for those producers looking to offload some price risk. The Canadian Dollar is trading near steady, as it is getting conflicting signals from a firmer U.S. economy and a weaker global economy.

Canadian delivered soymeal prices opened lower this morning. Soybeans are rated at 35% in good to excellent condition by the weekly Soybean Conditions report, steady from last week. Poor to very poor ratings decreased by 1% to 33%, this along with better than anticipated yields add to the nearby bearish tone. Harvested acres have increased by 19% from last week to 41% completed this week.

Canadian delivered corn prices opened lower this morning. The U.S. corn crop's good to excellent rating has increased by 1% from last week, to 25% this week. Poor to very poor ratings have decreased by 1%, to 50% this week. The corn harvest has increased by 15% from last week and is 54% completed.

US Slaughter	
437,000 – Monday's	
430,000 – Monday's (year ago)	
Western Corn Belt	\$76.96
Daily National Price	\$78.21
Daily Sig3(M.Leaf)	\$138.63
Daily Sig4(M.Leaf)	\$136.42
Thunder Creek	\$136.07
4-Month Fwd Avg	\$134.89
#1 Export Sows (+500lbs) \$26.25cwt	
B of C Ex. Rate (Noon) \$0.9827CAD / \$1.0176US	
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)		124.55 126.36	126.36 130.42	128.61 137.66	140.37 144.90	145.62 147.43	150.28 163.87	166.53 175.14	171.51 176.04	173.85 177.03
(Maple Leaf Sig. #4)		127.78 131.27	127.78 132.84	131.46 137.16	140.49 144.35	145.13 148.64	150.53 161.23	162.67 171.00	169.69 172.76	171.08 173.71
Soymeal Delivered	529	529	529	532	532					
Corn Delivered	289	289								

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