

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

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, October 19, 2012

For details call: (204)235-2237 or visit
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Forward contract prices opened higher this morning. US cash markets were sharply higher yesterday, gaining more than US\$2.00/cwt in some regions. However, the pork cut-out moved in the opposite direction as the loin primal fell by 7%, resulting in a sharp decline in estimated packer operating margins. Since the USDA's Hogs and Pigs Report released 3 weeks ago, hog supplies have tightened in line with expectations and have provided the rationale for a counter seasonal rally. Lean Hog futures for 2013 reflect good value when compared to the current cash market and last year's price trend. While hog supplies are likely to be similar to year ago levels, export demand is not likely to meet the levels experienced last year. Producers that have not started to hedge 2013 production should consider building a position at current prices to protect against the prospect of lower demand.

US Slaughter	
431,000— Thursday's	
429,000 — Thursday's (year ago)	
Western Corn Belt	\$82.97
Daily National Price	\$84.95
Daily Sig3(M.Leaf)	\$149.16
Daily Sig4(M.Leaf)	\$147.90
Thunder Creek	\$149.46
4-Month Fwd Avg	\$143.68
#1 Export Sows (+500lbs)	\$32.00cwt
B of C Ex. Rate (Noon) \$0.9808CAD / \$1.0195US	
Cash Prices: Week Ending October 19th, 2012	
66.85/147.37 Signature #3	
66.75/147.15 Signature #4	
65.91/145.31 h@ms Cash	
68.84/142.95 Hylife	
65.54/144.50 Thunder Creek	
ISO Weans	\$25.96US Avg
Feeder Pigs	\$24.03US Avg

2012 Annual Fall Marketing Meetings			
Manitoba	Date	Time	Location
Brandon	31-Oct	Noon	Royal Oak Inn & Suites, 3130 Victoria Avenue
Starbuck	01-Nov	1:00 PM	Starbuck Community Hall, 25 Main Street
Steinbach	02-Nov	Noon	The Village Green Restaurant, 350 Park Road East
Saskatchewan	Date	Time	Location
Swift Current	08-Nov	Noon	Wong's Kitchen, 320 S Service Road East
Saskatoon	09-Nov	Noon	Sandman Hotel, 310 Circle Drive West

Canadian delivered soymeal prices opened higher this morning. Strong demand factors for soybeans continue to overshadow the recent talk of better than expected yields. Yesterday's export inspections report had sales pegged at a blistering pace of 58 million bushels, a new record for the 2012/2013 crop year. Prices are likely to move higher until there are signs that export buyers are pulling back on their purchases.

Canadian delivered corn prices opened higher this morning. Corn yields in Illinois, Iowa and Nebraska have reflected pre-WASDE Report estimates although Minnesota and North Dakota yields were higher than expected. However, hog producers are unlikely to see relief in corn prices in the short term for two principle reasons. First, yield gains reported in Minnesota and North Dakota are too small to make an impact on prices and second; competition from ethanol producers for limited corn is likely to maintain pressure on feed prices overall.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward			133.86	134.94	146.78	148.14	153.18	169.20	174.92	177.45
Range (Maple Leaf			137.94	144.05	151.33	149.96	166.89	178.58	179.49	180.65
Sig. #3)										
(Maple Leaf Sig.			135.08	137.64	146.72	147.60	153.38	165.94	173.02	174.59
#4)			140.18	143.37	150.60	151.13	164.17	174.34	176.11	177.24
Soymeal										
Delivered	539	539	539	542	542	542				
Corn Delivered	299	299	299	303	303					

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