

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

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 25, 2012

For details call: (204)235-2237 or visit
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Forward contract prices opened lower this morning. US cash markets are expected to come under pressure at the end of this week as packers are eyeing weaker pork cut-out values with concern. The aggregate value of all the primal cuts has fallen about \$3.00/cwt. over the last week, negatively impacting packer operating margins. Record large supplies of pork in cold storage is contributing to the weakness, as wholesalers have significantly more product in storage now than they typically would prior to US Thanksgiving. At the other end of the supply chain, producers have no incentive to delay marketing their production as high feed costs add to their operating losses. The December Lean Hog futures are trading at a \$5.00/cwt. discount to the current cash market suggesting that the bias in the cash market will be lower for the next 2 months. 2013 forward contracts represent good value given the poor cash market fundamentals and downside risk associated with slower export sales.

US Slaughter	
434,000 - Wednesday's	
430,000 - Wednesday's (year ago)	
Western Corn Belt	\$83.36
Daily National Price	\$86.00
Daily Sig3(M.Leaf)	\$151.97
Daily Sig4(M.Leaf)	\$151.82
Thunder Creek	\$151.74
4-Month Fwd Avg	\$141.39
#1 Export Sows (+500lbs)	\$41.05 cwt
B of C Ex. Rate (Noon) \$0.9946CAD / \$1.0054US	
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	\$34.86 US Avg
Feeder Pigs	\$30.40US 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. Soybean traders continue to build in bullish factors as seen in trade yesterday, but there remains some hesitation in building them in too quickly, contributing to today's pullback. The weather in South America is getting more attention, as Brazil remains dry and Argentina is seeing weather related delays to planting. The shift in focus to South America's crop is happening earlier this year, as it looks increasingly likely that strong export demand will tap out North America's exportable supply by the time the South American crop is harvested.

Canadian delivered corn prices opened level this morning. Corn trading has been mixed over the last few sessions; down during the day and rebounding slightly overnight. A bullish report on ethanol from the Energy Information Administration is supporting the market, but prices remain in check due to meagre export forecasts. Corn use for ethanol in the US was 420,000 bushels higher than last week rising to a four-week high of 84.1 million bushels.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward			131.08	132.36	144.22	146.91	152.08	169.45	174.49	176.87
Range (Maple Leaf Sig. #3)			135.18	141.48	148.79	148.73	165.82	178.16	179.07	180.08
(Maple Leaf Sig. #4)			132.40	135.15	144.26	146.41	153.32	165.51	173.50	174.03
			137.52	140.90	148.15	149.95	163.15	173.94	175.72	176.69
Soymeal Delivered	559	559	559	556	540	540				
Corn Delivered	304	304	306							

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