

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, November 09, 2012

Forward contract prices opened higher this morning. US cash markets continue to experience sporadic moves, with the cash market trading over nearly a \$5.00 range in the last week with no trend. Hog numbers are tighter than month ago levels, something that is inconsistent with normal seasonality and may be contributing to the recent cash market volatility. However, packer operating margins are still estimated as profitable, providing some underlying support. Lean Hog futures have also experienced some instability, but have benefitted in recent days from a \$2.00-\$3.00/cwt rally in most contracts. Lean Hog futures are seeing the impact of some uncertainty on longer term fundamentals; some traders are factoring a reduction in hog numbers by next summer, although there is little evidence to support this. Technical indicators are providing little in the way of direction, also contributing to the volatility. The Canadian Dollar is trading at less than parity with the US Dollar, with global investors citing market risk from Europe and lower commodity prices as the rationale.

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 lower this morning. Soy futures are trading lower this morning. November's WASDE Report released this morning surpassed analysts' expectations with estimates for the US soybean crop at 39.3 bu./acre. Total soybean production is now up 111 million bu. over October to a 2.971 billion bu. Adding to the bearish trend is the impact of the looming "fiscal cliff" where in January, income tax rates will increase and government spending cut, which could send the US economy into an economic recession

Canadian delivered corn prices opened higher this morning. Corn futures to September 2013 are trading slightly higher this morning. November's WASDE Report has forecast US corn production to be raised by 19 million bu. on a 122 bu./acre yield estimate. In spite of this, imports are estimated at 25 million bu., destined primarily for the southeast feed market which typically sources corn domestically. While global corn estimates are predicted to be the second highest on record at 839.7 million tons, they also reflect a sharp year-to-year drop.

US Slaughter	
434,000	- Thursday
431,000	- Thursday (year ago)
Western Corn Belt	\$80.11
Daily National Price	\$83.33
Daily Sig3(M.Leaf)	\$146.64
Daily Sig4(M.Leaf)	\$147.71
Thunder Creek	\$146.00
4-Month Fwd Avg	\$146.84
#1 Export Sows (+500lbs)	\$ 44.50 cwt
B of C Ex. Rate (Noon)	
\$0.9986CAD / \$1.0014US	
Cash Prices: Week Ending November 9, 2012	
65.92/145.32	Signature #3
67.13/147.99	Signature #4
65.31/143.99	h@ms Cash
n/a	Hylife
65.54/146.70	Thunder Creek
ISO Weans	\$43.76 US Avg
Feeder Pigs	\$42.93 US Avg

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		136.19	137.42	147.99	150.52	154.86	170.22	175.30	178.66
		140.32	145.23	152.58	151.90	168.71	178.99	179.91	180.98
(Maple Leaf Sig. #4)		137.39	140.19	147.93	150.48	155.06	166.71	173.86	175.79
		142.55	144.55	151.85	151.85	165.96	174.76	176.55	177.13
Soymeal Delivered	535	535	531	531	531				
Corn Delivered	298	298							

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