



# Hog Margin Outlook

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Wednesday, November 14, 2012

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

## Forward contract prices opened lower this morning.

US cash markets are trading near steady and packers are maintaining their current slaughter schedule with continued profitable operating margins. However, the pork cut-out experienced some weakness yesterday, dropping over \$1.50/cwt from Monday's trade. Weaker values for hams and bellies were the biggest contributors to the drop, with near term supplies easily meeting demand. Export sales numbers for September released earlier this week showed total exports were near steady with year-ago levels. While exports to China/Hong Kong were down by about 43% from year-ago levels, sales to Mexico and numerous smaller markets were strong enough to offset the decline. The Canadian Dollar continues to trade in a narrow range, around par value with its US counterpart.

## Canadian delivered soymeal prices opened higher this morning.

Soybean futures are trading higher this morning. Soybeans have found some support after witnessing a steady drop in futures prices that started at the beginning of the month. The drop can be attributed to positioning ahead of the WASDE Report, and better than expected production that resulted in an increase in carryout estimates of global soybean production, now pegged at 60.02 MMT.

## Canadian delivered corn prices opened lower this morning.

Corn futures are trading higher this morning for all contracts to December 2013. After corn futures were 'pulled down' by poor export data, wheat and soybeans prices, they have seen a modest recovery. A USDA announcement yesterday of over 158,000 MT sold for export is viewed to be indication that US corn is competitive on the global market but an expected closure on the Mississippi River could negatively impact later export intentions. Analysts are also awaiting the ethanol production report due out on Thursday. While the USDA has not released a Harvest Progress Report, it is widely held that the corn harvest is complete.

US Slaughter	
434,000 - Tuesday	
429,000 - Tuesday (year ago)	
Western Corn Belt	\$77.83
Daily National Price	\$82.67
Daily Sig3(M.Leaf)	\$142.89
Daily Sig4(M.Leaf)	\$146.97
Thunder Creek	\$143.73
4-Month Fwd Avg	\$147.99
#1 Export Sows (+500lbs)	\$ 48.50 cwt
<b>B of C Ex. Rate (Noon)</b>	\$1.0006 CAD/\$0.9994 US
<b>Cash Prices: Week Ending November 9, 2012</b>	
65.92/145.32 Signature #3	
67.13/147.99 Signature #4	
65.31/143.99 h@ms Cash	
64.92/143.12 Hylife	
65.54/146.70 Thunder Creek	
ISO Weans	\$47.58 US Avg
Feeder Pigs	\$46.72 US Avg

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		137.41	138.86	149.44	153.35	155.62	169.71	174.78	177.10
		140.35	146.68	154.05	154.73	167.62	178.47	179.40	179.41
(Maple Leaf Sig. #4)		139.91	141.06	148.55	152.68	155.44	166.21	174.26	174.54
		141.87	144.98	151.76	153.57	161.87	174.61	176.58	175.79
Soymeal Delivered	515	515	511	511	511				
Corn Delivered	292	294	294	294					

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