



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 20, 2012

For details call: (204)235-2237 or visit  
<http://hamsmarketing.ca>

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

US Slaughter	
435,000 - Monday	
434,000 - Monday (year ago)	
Western Corn Belt	\$73.07
Daily National Price	\$80.15
Daily Sig3(M.Leaf)	\$133.46
Daily Sig4(M.Leaf)	\$141.75
Thunder Creek	\$132.83
4-Month Fwd Avg	\$152.40
#1 Export Sows (+500lbs) \$ 49.80 cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9964 CAD/\$1.0036 US	
<b>Cash Prices: Week Ending November 16, 2012</b>	
63.90/140.88 Signature #3	
66.48/146.56 Signature #4	
63.64/140.30 h@ms Cash	
64.06/141.23 Hylife	
65.54/144.50 Thunder Creek	
ISO Weans \$52.35 US Avg	
Feeder Pigs \$54.14 US Avg	

## Forward contract prices opened lower this morning.

US cash markets came under pressure yesterday, trading under \$73/cwt in some of the Midwest reporting regions. The pork cut-out also found weakness, but is still trading well over \$81.00/cwt., providing packers with good fresh meat operating margins over US Thanksgiving. The holiday on Thursday is impacting cash markets, with this week's production schedule cut by an estimated 10% as packers cannot recover all of the lost hours with an expanded Saturday kill. December Lean Hog futures are holding a significant premium to the current cash market, close to \$8.00/cwt., implying that the trade believes the cash market will rally sharply over the next 3 weeks. Deferred month contracts are trading near contract highs with help from confirmation of tight cattle supplies as per the USDA Cattle on Feed report and stronger US stock markets. The Canadian Dollar is maintaining its steady trend around parity with the US Dollar.

## Canadian delivered soymeal prices opened higher this morning.

Soybean futures are trading lower this morning following indications of slowing demand. So far, November's exports are 3.8 percent lower than October. Analysts are also suggesting weaker trading due in part to 'external factors' such as weaker Chinese equity markets, posting their 10<sup>th</sup> straight monthly decline. In addition, further downgrades in European credit markets (France) are pulling down commodities.

## Canadian delivered corn prices opened higher this morning.

US corn futures are trading lower this morning after touching the highest level in five days. The recent spike was attributed to a general interest in commodities as a result of the sharply lower USD. There are rumors that Asian buyers are poised to buy US corn although no evidence supports this. Export demand for US corn still remains weak, relative to last year; Japanese demand, the US' largest customer, fell for the 9<sup>th</sup> month in a row.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)			139.87	150.39	154.37	156.62	170.99	176.04	177.70
			147.65	154.97	155.74	168.55	179.71	180.63	180.00
(Maple Leaf Sig. #4)			142.00	149.45	153.65	156.37	167.45	174.91	175.11
			145.90	152.64	154.53	162.77	175.80	177.76	176.35
Soymeal Delivered	504	504	499	499	499				
Corn Delivered	296	296	298	298					

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