

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

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 23, 2012

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## Forward contract prices opened lower this morning.

US cash markets are finishing the holiday shortened week higher than where they started, as packers have increased their bids to meet their slaughter requirements. The week of US Thanksgiving is often associated with significant price fluctuations in either direction that can run counter to the longer term trend. Lean Hog futures are trading lower this morning, partially due the bearish USDA Cold Storage report that was released on Wednesday. The report showed nearly a 25% increase in pork supplies over year ago levels, making this a new record high for the month of October. Specifically, the pork belly primal cut was more than double of last year's inventory. The confirmation of abundant supplies could lead to a short term sell-off by speculators of Lean Hog futures, so producers considering contracting today should take action earlier rather than later.

## Canadian delivered soymeal prices opened even this morning.

Soybean futures opened mixed this morning after seeing no action yesterday as a result of the US Thanksgiving Holiday. Talk that expected increases in South American planted acreage will not materialize in increased production pushed up Argentine prices this week. Soybean futures on China's exchange rose higher as a result of the government's stockpiling initiatives – a move designed to curb domestic food inflation.

## Canadian delivered corn prices opened higher this morning.

While corn closed down ahead of the US Thanksgiving, reports of unexpected exports has US corn trading mixed this morning. Despite US export data that analysts have been calling dismal and weak, the USDA export sales report announced that Japan is buying US corn again. Sales of 18 million bu. of old crop and 7.4 million bushels of new crop are supporting the corn market.

US Slaughter	
431,000 - Wednesday	
430,000 - Wednesday (year ago)	
Western Corn Belt	\$76.49
Daily National Price	\$79.18
Daily Sig3(M.Leaf)	\$139.84
Daily Sig4(M.Leaf)	\$140.18
Thunder Creek	\$139.69
4-Month Fwd Avg	\$153.07
#1 Export Sows (+500lbs) \$ 49.80 cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9974 CAD/\$1.0026 US	
<b>Cash Prices: Week Ending November 23, 2012</b>	
62.05/136.79 Signature #3	
64.07/141.25 Signature #4	
61.64/135.90 h@ms Cash	
n/a Hylife	
63.41/139.80 Thunder Creek	
ISO Weans \$52.35 US Avg	
Feeder Pigs \$54.14 US Avg	

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)			140.44 148.19	150.93 155.49	154.71 156.08	157.05 168.95	171.06 179.76	176.09 180.67	179.86 180.32	172.97 176.64	157.55 159.38
(Maple Leaf Sig. #4)			142.53 146.42	149.96 153.14	153.97 154.85	156.78 163.17	167.51 175.84	174.96 177.79	175.41 176.66	170.17 174.26	
Soymeal Delivered	507	507	500	500	500						
Corn Delivered	296	296	299	299							

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