

Hog Prices: ↑ Soymeal: ↑
Corn: ↑ CDN Dollar: ↑

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 29, 2012

For details call: (204)235-2237 or visit
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| US Slaughter | |
|---|-------------------------|
| 433,000 | Wednesday |
| 429,000 | Wednesday (year ago) |
| W. Corn Belt | \$79.64 |
| National Price | \$80.12 |
| Daily Sig 3 | \$144.94 |
| Daily Sig 4 | \$141.20 |
| Thunder Creek | \$144.06 |
| 4-Month Fwd | \$151.61 |
| #1 Export Sows (+500lbs) \$ 52.00 cwt. | |
| B of C Ex. Rate (Noon) \$0.9929 CAD/\$1.0071 US | |
| Cash Prices: Week Ending November 23, 2012 | |
| Signature 3 | 62.05/136.79 |
| Signature 4 | 64.07/141.25 |
| h@ms Cash | 61.64/135.90 |
| Hylife | 61.58/135.75 |
| Thunder Creek | 63.41/139.80 |
| ISO Weans | \$55.71 US Avg. |
| Feeder Pigs | \$60.53 US Avg. |

Forward contract prices opened higher this morning.

US cash markets are trading higher this morning, continuing a near term bullish trend as packers remain optimistic of continued strength. Hog numbers are comparable to year ago levels, while weights continue to be close to 2 lbs. lighter across all regions. While packer operating margins are still profitable, the large integrated processors are content to bid up the cash market at the expense of plant profitability, as some own more than 50% of their weekly requirements. Nearby Lean Hog futures moved sharply higher in trade yesterday, quelling ideas that traders believe the cash market will run out of steam. Currently, the December contract suggests that the cash market will climb by more than US\$6.00/cwt. over the next two weeks. The spring and summer month contracts saw only minor support from the gains in the December, but are still trading near their contract highs.

Canadian delivered soymeal prices opened higher this morning.

Soybean futures are trading higher this morning amidst crop uncertainty in South America. Argentina is overly wet, Brazil is overly dry and forecasted storms are expected to further delay soybean planting. Brazil industry group Celeres reports 74 percent of soy is planted compared to 81 percent last year. Last week, the Buenos Aires Cereals Exchange reported the Argentine crop 37 percent planted compared to 47 percent last year. As well, there are reports that Chinese buyers acquired more US soybeans yesterday, propping US export demand.

Canadian delivered corn prices opened higher this morning.

Nearby US Corn futures opened lower this morning with only the September 2013 contract trading modestly higher. The EIA Ethanol Report released yesterday noted a rise in ethanol imports as well as a drop in ethanol stocks amid increased demand. Worldwide demand for feed grains, especially from Asian regions, is expected to pressure tight supplies in South America and the Black Sea Region, particularly as SA crop production is uncertain.

| | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|----------------------|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward | | 140.35 | 150.84 | 153.52 | 155.60 | 171.01 | 176.03 | 179.92 | 173.33 | 157.99 |
| Range (Maple | | 148.10 | 155.40 | 154.89 | 167.48 | 179.69 | 180.60 | 180.38 | 176.99 | 159.83 |
| (Maple Leaf Sig. | | 141.92 | 149.34 | 152.29 | 154.83 | 166.92 | 174.36 | 174.94 | 171.92 | 158.32 |
| #4) | | 145.80 | 152.52 | 153.17 | 164.22 | 175.24 | 177.19 | 176.18 | 174.05 | 163.11 |
| Soymeal Delivered | 517 | 509 | 509 | 509 | | | | | | |
| Corn Delivered | 299 | 301 | | | | | | | | |

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