



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, November 30, 2012

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

US Slaughter	
430,000	Thursday
434,000	Thursday (year ago)
W. Corn Belt	\$80.12
National Price	\$80.93
Daily Sig 3	\$145.83
Daily Sig 4	\$142.64
Thunder Creek	\$146.25
4-Month Fwd	\$151.02
#1 Export Sows (+500lbs)	\$ 52.00 cwt.
B of C Ex. Rate (Noon)	
\$0.9930 CAD/\$1.0070 US	
Cash Prices: Week Ending November 30, 2012	
Signature 3	64.61/142.43
Signature 4	63.98/141.05
h@ms Cash	63.54/140.09
Hylife	n/a
Thunder Creek	62.37/137.50
ISO Weans	\$55.71 US Avg.
Feeder Pigs	\$60.53 US Avg.

Forward contract prices opened lower this morning.

US cash markets have strengthened over the week, regaining all the value they lost in the last month. However, the recent upswing in cash prices has come at the expense of packer operating margins which have decreased to an estimated \$7.00/hog. The large integrated packers are content to run their plants near their breakeven, as they recover this lost value in the form of higher live hog prices in their company owned barns. Summer month Lean Hog futures put in a new contract high in trade yesterday, with aid from stronger nearby contracts. Gains in the 2013 contracts are being achieved slowly, with a note of caution; there does not appear to be any fundamental factors to support the gains to new highs. However, traders are optimistic that steady to improved demand and modest increases in supply will support prices similar to year ago levels. The Canadian Dollar continues its steady trend, trading within a 50 basis point range. The tight range is remarkable given the announcement that the current Governor of the Bank of Canada, Mark Carney, will be leaving his position to take up the job as Britain's central banker in 2013.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures opened lower across all offered contracts this morning. The London, UK-based International Grains Council has estimated higher than expected yields in the US and a record output in South America for the 2012/13 marketing year despite weather-related issues. The IGC reports that some areas in Brazil are replanting acres as the weather turns more favourable. A projected increase of 7 percent in planted acreage is expected to raise Brazil's output by 20 percent.

Canadian delivered corn prices opened higher this morning.

Nearby US corn futures have opened lower this morning while some new crop futures are trading modestly higher. Although the Argentine crop is expected to decrease due to wet weather, demand for US corn remains weak. Analysts have also suggested the lowering of nearby futures prices is partly due to speculators closing their long positions.

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		141.14	150.27	152.51	154.66	170.94	175.95	178.45	173.68	158.22
		148.90	153.46	153.88	166.55	179.63	180.55	180.74	177.35	160.05
(Maple Leaf Sig. #4)		142.16	148.70	151.31	153.93	166.86	173.95	175.29	170.85	158.54
		146.05	150.64	152.20	163.32	175.19	177.14	176.53	174.40	163.34
Soymeal Delivered	518	510	510	510						
Corn Delivered	300	300	300							

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