



Hog Margin Outlook

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Thursday, December 06, 2012

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

US Slaughter	
433,000	Wednesday
431,000	Wednesday (year ago)
W. Corn Belt	\$85.75
National Price	\$84.71
Daily Sig 3	\$155.80
Daily Sig 4	\$149.04
Thunder Creek	\$155.88
4-Month Fwd	\$146.83
#1 Export Sows (+500lbs)	\$ 49.50 cwt.
B of C Ex. Rate (Noon) \$0.9912 CAD/\$1.0088 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	62.11/136.93
Thunder Creek	62.37/137.50
ISO Weans	\$56.18 US Avg.
Feeder Pigs	\$62.33 US Avg.

Forward contract prices opened lower this morning. US cash markets are trading higher to finish the week with talk that packers may be short for their Friday and Saturday slaughter schedules. Cash markets continue to exceed expectations, but gains are coming at the expense of packer operating margins as the pork cut-out has lost value in recent days. The ham primal cut, making up about a quarter of the carcass by weight, has been the major support to the cut-out, rallying about 10% over the last week. But with the holidays just 3 weeks away, ham values will likely start to move lower in approximately a week. Lean Hog futures have dropped \$2-\$3/cwt. so far this week, with speculators taking profits by selling out of their long positions. Producers considering forward contracting a portion of 2013 production should view current prices as fair value compared to 2012 cash prices.

Canadian delivered soymeal prices opened higher this morning. Soybean futures are trading higher this morning. A reduced Canadian canola production report by Statistics Canada, 400,000 tonnes lower than initial estimates, is a contributing factor; analysts suggest a limited Canadian crush could slow canola oil imports by the US. As well, there are expectations that the US will continue to ship soybeans to China in December. Wet weather continues to delay planting in Argentina and acreage cuts are now anticipated.

Canadian delivered corn prices opened higher this morning. US corn futures have opened lower across all offered contracts this morning. There are reports that prices are being supported by virtue of strength in wheat and soy markets and there are rumors of a rising trend. Some analysts are predicting lower yields for the next US corn crop, with a projection of 147 bu. (versus 160 bu.). Estimates are lower due to last year's drought and the fact that 16 inches of precipitation is needed by May to replenish soil moisture to normal levels.

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		136.79 144.53	145.89 149.08	148.26 149.62	150.36 162.21	166.55 175.21	171.57 176.13	174.06 176.34	162.94 173.00	155.17 157.00
(Maple Leaf Sig. #4)		137.93 141.81	144.45 146.39	147.18 148.06	149.76 159.11	162.61 170.91	169.67 172.85	171.03 172.27	163.54 170.18	153.80 160.35
Soymeal Delivered	526	525	525	525						
Corn Delivered	300	300	300	302	302	302				

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WINNIPEG LIVESTOCK
 HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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