



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, December 19, 2012

**Forward contract prices opened higher this morning.** US cash markets rebounded in trade yesterday after Monday's weakness, resulting in gains of over \$2.00/cwt. in some regions. US hog slaughter is down from year ago levels, resulting in production levels 2% lower than year ago. However, year-to-date production is still up close to 2%, as hog carcass weights were higher for most of the year. Market analysts are starting to release their projections for the Quarterly Hogs and Pigs report, which is to be released next Friday, December 28<sup>th</sup>. There appears to be growing consensus that hog supplies will be near steady as sow slaughter has tightened significantly from levels seen 2 months ago. With the recent support in the cash market, near term futures are expected to move higher as the February contract is trading at a modest \$3.50/cwt. premium to the cash market.

**Canadian delivered soymeal prices opened lower this morning.** Nearby US soybean futures are trading lower this morning. There are reports that China surprised markets and cancelled between 300,000 and 420,000 mt of US soybeans, moving trade sharply lower yesterday. As well, favourable weather conditions in South America are increasing crop estimates. ABIOVE, a Brazilian vegetable oils association, has revised production estimates from 81.3 mmt to 81.6 mmt.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading lower this morning. Wet weather in Argentina and poor domestic ethanol demand are helping pull corn lower. US ethanol producers are losing an equivalent of 45 ½ cents/bu. following last week's loss of 59 cents/bu., curbing demand. US corn potentially saw some increased export demand as China held two containers containing non-approved Genetically Modified varieties from Argentina. However, they have since been released and are set to unload.

US Slaughter	
432,000	Tuesday
423,000	Tuesday (year ago)
W. Corn Belt	\$81.27
National Price	\$82.31
Daily Sig 3	\$146.79
Daily Sig 4	\$143.97
Thunder Creek	\$147.40
4-Month Fwd	\$152.64
#1 Export Sows (+500lbs)	\$ 41.50 cwt.
<b>B of C Ex. Rate (Noon)</b>	\$0.9854 CAD/\$1.0148US
<b>Cash Prices: Week Ending December 14, 2012</b>	
Signature 3	65.02/143.34
Signature 4	67.70/149.25
h@ms Cash	64.78/142.81
Hylife	65.47/144.33
Thunder Creek	69.40/153.00
ISO Weans	\$58.89 US Avg.
Feeder Pigs	\$64.59 US Avg.

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		143.78	148.31	150.76	152.91	168.13	173.13	175.91	165.01	157.26
		146.95	151.49	152.12	164.73	176.76	177.67	178.19	174.94	159.08
(Maple Leaf Sig. #4)		143.71	147.31	150.12	152.74	164.13	171.17	172.81	165.52	155.82
		145.03	149.24	151.00	162.07	172.40	174.34	174.05	172.06	162.35
Soymeal Delivered	522	518	518	518	519					
Corn Delivered	286	288	288							

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Office	h@ms Holiday Schedule	Winnipeg Live Stock
8:00AM– 2PM	Dec. 24 (Mon.)	8:30AM – 12 noon
Closed	Dec. 25 & 26 (Tues. & Wed.)	Closed
8:00AM – 12 noon	Dec. 31 (Mon.)	8:30AM – 12 noon
Closed	Jan. 1 (Tues.)	Closed
Regular Business Hours	Dec. 27, 28 and Jan. 2-4	Regular Business Hours