

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

# Hog Margin Outlook

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Wednesday, September 14, 2011

**Forward contract prices opened mixed this morning.** U.S. cash markets have moved higher so far this week, contrary to the normal seasonal trend at this time of year. Packers are having a relatively easy time selling the pork, in spite of the increased concern of another U.S. economic recession. After what was believed to be a slowdown in Chinese imports in late August, there are signs that demand is still strong, with reports of high prices for hogs grown in China and tight supplies. Lean Hog futures are holding a small premium to the current cash market, indicating that traders believe prices will hold firm over the next several weeks. The Canadian Dollar firmed from yesterday's dip under par value with the U.S. as there was some positive news coming out of Europe. The European Commission announced that it would come forward with a plan for a Euro Bond, which would help mitigate the risk of lending money to the more risky debt laden countries.

**Canadian delivered soymeal prices opened higher this morning.** The USDA's increased soybean estimate of 3.1 billion bushels has acted like a price depressor. Counteracting this is the threat of frost Thursday morning in the northern Midwest as temperatures are predicted to dip to a low of 32 degrees Fahrenheit.

**Canadian delivered corn prices opened higher this morning.** Demand is hindered for corn at prices pushing \$8 per bushel, USDA's Monday report illustrated lowered projected demand for ethanol, exports and feed. There have been reported cases of yields being better than anticipated for the early planted crops. A factor that should hold up prices is the looming risk of frost.

US Slaughter	
424,000	—Tuesday's
416,000	—Tuesday's (year ago)
Western Corn Belt	\$86.16
Daily National Price	\$86.88
Daily Sig3(M.Leaf)	\$156.38
Daily Sig4(M.Leaf)	\$152.70
4-Month Fwd Avg	\$146.86
#1 Export Sows (+500lbs)	\$52.50 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$0.9902 CAD / \$1.0098 US	
<b>Cash Prices: Week Ending September 9th, 2011</b>	
67.99/149.88	Signature #3
71.55/157.73	Signature #4
67.97/149.85	h@ms Cash
69.48/153.18	Hylife
ISO Weans \$15-44US	
Feeder Pigs \$29-40US	

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		150.46	140.21	141.22	142.99	153.48	156.73	156.79	170.17
		150.91	146.23	145.77	152.57	156.67	158.09	166.32	174.25
(Maple Leaf Sig. #4)		151.78	141.25	143.90	144.82	153.13	155.30	155.70	166.63
		152.67	146.37	146.01	149.95	156.36	157.60	163.26	173.40
Soymeal Delivered	394	398	404	404	415				
Corn Delivered	307	307							

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