



# Hog Margin Outlook

Meeting Your Marketing Needs

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

Friday, September 23, 2011

**Forward contract prices opened higher this morning.** Yesterday's USDA Cold Storage report showed pork supplies up from last year approximately 13%. Specifically, pork belly stocks more than doubled compared to a year ago, providing the rationale for belly prices to be down more than 20%. Lean Hog futures were lower in trade yesterday, seeing the same influence from outside financial markets as most other commodity markets experienced. Losses in global markets originated from comments from the U.S. Federal Reserve on Wednesday which provided a gloomy economic outlook for the U.S. and the world. The bearish sentiment only grew as markets opened around the world and the trend triggered further selling. The same market factors impacted the Canadian Dollar as well, weakening our currency to the lowest level seen so far this year.

**Canadian delivered soymeal prices opened higher this morning.** Outside influences are drastically affecting the soybean market decreasing prices. Demand however appears steady, which could ease further price declines. USDA noted private exporters reported deals for 300,000 tonnes earlier in the week.

**Canadian delivered corn prices opened higher this morning.** Commodity prices have deteriorated in line with perceptions of the global economy. Corn supplies are projected to be tight with the decline in production out pacing any decline in domestic or export demand. The market had relied on the high prices to ration demand, but the recent price declines have done little to impact usage.

| US Slaughter   |                           |
|--|---------------------------|
| 418,000  | –Thursday's               |
| 417,000  | –Thursday's<br>(year ago) |
| Western Corn Belt  | \$90.07                   |
| Daily National Price                                     | \$90.89                   |
| Daily Sig3(M.Leaf)                                       | \$170.53                  |
| Daily Sig4(M.Leaf)                                       | \$166.64                  |
| 4-Month Fwd Avg  | \$150.40                  |
| #1 Export Sows (+500lbs)                                 | \$49.50 cwt               |
| <b>B of C Ex. Rate (Noon)</b>                            |                           |
| \$1.0329 CAD / \$0.9681 US                               |                           |
| <b>Cash Prices: Week Ending<br/>September 23rd, 2011</b> |                           |
| 74.28/163.75   | Signature #3              |
| 72.12/158.99   | Signature #4              |
| 72.83/160.56   | h@ms Cash                 |
| n/a  | Hylife                    |
| ISO Weans \$15-50US                                      |                           |
| Feeder Pigs \$31-38US                                    |                           |

|  | Sep | Oct    | Nov    | Dec    | Jan    | Feb    | Mar    | Apr    | May    | June   |
|--|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward<br>Range (Maple Leaf<br>Sig. #3) |     | 155.37 | 143.58 | 144.62 | 143.09 | 155.04 | 155.98 | 158.31 | 170.99 | 170.04 |
|  |     | 155.37 | 149.80 | 149.33 | 153.00 | 158.19 | 157.40 | 167.27 | 175.23 | 176.18 |
| (Maple Leaf Sig. #4)                           |     | 157.30 | 145.61 | 148.35 | 146.97 | 155.38 | 155.71 | 157.69 | 167.50 | 170.97 |
|  |     | 157.30 | 150.73 | 150.36 | 152.09 | 156.11 | 157.72 | 164.45 | 173.34 | 174.99 |
| Soymeal Delivered                              | 367 | 361    | 367    | 367    | 374    |        |        |        |        |        |
| Corn Delivered                                 | 284 | 284    |        |        |        |        |        |        |        |        |

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**December 7th and 8th 2011 Keystone Centre Brandon, MB**

150 exhibits - Two days of expert speakers  
 Pork Quality Competition - Pork Sampling  
 Attention Ladies: Best Bake and Make 2011

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