

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

Thursday, September 29, 2011

**Forward contract prices opened lower this morning.** U.S. cash markets are coming under some pressure late this week as abundant supplies have packers cutting their bids in an effort to maintain their profitable margins. The USDA released its 3<sup>rd</sup> Quarter Hogs and Pigs report yesterday afternoon, with reaction from traders being relatively neutral for the nearby contracts, while the deferred month contracts were lower. All of the major categories came in close to trade expectations, with the heavier market hog category coming in consistent with recent slaughter numbers. The Canadian Dollar is expected to have another volatile day, as Germany's government votes on whether to support an increase to the European bailout.

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|---|
| <b>US Slaughter</b>   |
| 427,000 –Wednesday's  |
| 417,000 –Wednesday's<br>(year ago)                          |
| Western Corn Belt \$88.02                                   |
| Daily National Price \$91.56                                |
| Daily Sig3(M.Leaf) \$164.97                                 |
| Daily Sig4(M.Leaf) \$166.18                                 |
| 4-Month Fwd Avg \$155.54                                    |
| #1 Export Sows (+500lbs)<br>\$54.00cwt                      |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0225 CAD / \$0.9779 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                                      |
| 71.11/156.77 Hylife   |
| ISO Weans \$16-41US   |
| Feeder Pigs \$27-42US                                       |

## USDA Quarterly Hogs and Pigs Report

September 26, 2011

| Category                           | 2010   | 2011   | 2011 as Pct<br>of 2010 | Pre-Report<br>Estimates | Actual -<br>Estimate |
|------------------------------------|--------|--------|------------------------|-------------------------|----------------------|
| <b>Inventories on September 11</b> |        |        |                        |                         |                      |
| All hogs and pigs                  | 65,971 | 66,599 | 101.0                  | 100.5                   | 0.5                  |
| Kept for breeding                  | 5,770  | 5,806  | 100.6                  | 100.1                   | 0.5                  |
| Kept for market                    | 60,201 | 60,793 | 101.0                  | 100.5                   | 0.5                  |
| Under 50 lbs.                      | 19,613 | 19,696 | 100.4                  | 100.1                   | 0.3                  |
| 50-119 lbs.                        | 17,395 | 17,459 | 100.4                  | 100.2                   | 0.2                  |
| 120-179 lbs.                       | 12,674 | 12,762 | 100.7                  | 100.5                   | 0.2                  |
| 180 lbs. and over                  | 10,520 | 10,876 | 103.4                  | 102.0                   | 1.4                  |
| <b>Farrowings<sup>2</sup></b>      |        |        |                        |                         |                      |
| June-Aug sows farrowed             | 2,944  | 2,901  | 98.5                   | 97.9                    | 0.6                  |
| Sep-Nov Intentions                 | 2,881  | 2,874  | 99.8                   | 99.1                    | 0.7                  |
| Dec-Feb Intentions                 | 2,844  | 2,857  | 100.5                  | 99.5                    | 1.0                  |
| June-Aug Pig Crop <sup>1</sup>     | 28,871 | 29,084 | 100.7                  | 99.8                    | 0.9                  |
| June-Aug pigs saved per litter     | 9.81   | 10.03  | 102.2                  | 101.9                   | 0.3                  |

<sup>1</sup>Thousand head

<sup>2</sup>Thousand litters

|  | Sep | Oct | Nov    | Dec    | Jan    | Feb    | Mar    | Apr    | May    | June   |
|--|-----|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) |     |     | 149.60 | 150.64 | 149.23 | 160.16 | 161.11 | 163.33 | 175.43 | 174.49 |
| (Maple Leaf Sig. #4)                     |     |     | 155.86 | 155.38 | 159.21 | 164.43 | 162.53 | 172.34 | 179.70 | 180.65 |
| Soymeal Delivered                        | 367 | 362 | 362    | 362    | 368    |        |        |        |        |        |
| Corn Delivered                           | 284 | 284 |        |        |        |        |        |        |        |        |

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