



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, October 04, 2011

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

US Slaughter	
430,000	—Monday's
419,000	—Monday's (year ago)
Western Corn Belt	\$91.29
Daily National Price	\$91.25
Daily Sig3(M.Leaf)	\$174.70
Daily Sig4(M.Leaf)	\$169.09
4-Month Fwd Avg	\$162.69
#1 Export Sows (+500lbs)	\$53.50cwt
B of C Ex. Rate (Noon)	
\$1.0440 CAD / \$0.9578 US	
Cash Prices: Week Ending September 30th, 2011	
75.89/167.31	Signature #3
75.51/166.47	Signature #4
74.89/165.10	h@ms Cash
74.03/163.21	Hylife
ISO Weans \$16-41US	
Feeder Pigs \$27-40US	

Forward contract prices opened mixed this morning. U.S. cash markets are firing on all cylinders, with both wholesale pork markets and packer bids making gains to start this week. Normal seasonality would have most of the primal cuts coming under heavy selling pressure, typically resulting a 10% - 20% decline from summer highs. This year, export markets have supported the pork carcass cut-out which has moved higher while slaughter levels have grown close to the highest levels seen this year. Lean Hog futures continue to suggest further strength in the next two weeks, but a slump in prices coming before mid-December. The Canadian Dollar continues to provide new opportunities to hedge with the loonie dropping to under US\$0.95 this morning. Producers looking to add price protection should continue using target pricing, adding small increments of protection on increases of \$5.00/ckg.

Canadian delivered soymeal prices opened lower this morning. New crop is starting to put pressure on cash prices, as is typical for this time of year. USDA has increased its yields estimates to 42.8 bushels an acre for soybeans. This is an increase of one bushel per acre from the September estimated yield.

Canadian delivered corn prices opened steady this morning. Corn production output was increased by the USDA yesterday to 12.553 billion bushels. The average yield estimate is 148.7 bushels per acre in this latest release. Corn harvest is 21% complete as of Sunday, which is two percentage points behind the 5 year average.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Fixed Forward Range (Maple Leaf Sig. #3)			157.22	158.29	156.42	167.03	168.00	170.42	181.44	180.46
			161.22	163.17	166.66	172.02	169.46	179.68	185.83	186.80
(Maple Leaf Sig. #4)			157.53	160.36	159.12	166.94	166.94	169.00	177.68	181.27
			161.49	162.44	164.41	168.56	169.01	175.98	183.72	185.42
Soymeal Delivered	385	349	349	349	357					
Corn Delivered	284	284								

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