



Hog Margin Outlook

Meeting Your Marketing Needs

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

Tuesday, October 18, 2011

Forward contract prices opened mixed this morning. U.S. cash markets are trading steady to higher this morning amid an abundant supplies of live hogs. Hog supply is expected to continue growing over the next month by almost 10,000 hogs per weeks, with increasing hog weights also contributing to the increase in total pork production. However, robust export sales are expected to continue through this timeframe, with Chinese demand making up most of the growth. Lean Hog futures traders have not factored sustained growth in exports into 2012 prices to the degree that we are currently experiencing, but compare favourably to historical prices. The Canadian dollar continues to see significant volatility, with increased fundamental influence coming from weaker energy markets.

Canadian delivered soymeal prices opened mixed this morning. The dry autumn weather is helping to move harvest quickly; USDA reported on Monday that soybeans were 69% harvested. Another influx of global financial worries is rearing its head, which has meal prices this morning looking lower.

Canadian delivered corn prices opened lower this morning. As of Sunday the corn harvest is 47% complete, well above the ten year average of 43%. The good/excellent rating is unchanged from last week's crop progress report at 53%.

US Slaughter	
432,000	—Monday's
420,000	—Monday's (year ago)
Western Corn Belt	\$91.09
Daily National Price	\$93.25
Daily Sig3(M.Leaf)	\$169.51
Daily Sig4(M.Leaf)	\$168.03
4-Month Fwd Avg	\$162.28
#1 Export Sows (+500lbs)	\$47.50cwt
B of C Ex. Rate (Noon)	
\$1.0152CAD / \$0.9850 US	
Cash Prices: Week Ending October 14th, 2011	
77.60/171.08	Signature #3
77.22/170.24	Signature #4
76.31/168.24	h@ms Cash
76.00/167.56	Hylife
ISO Weans	\$24-41.70US
Feeder Pigs	\$38-47US

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July
Fixed Forward Range (Maple Leaf Sig. #3)		158.18	159.21	157.40	164.98	165.95	168.03	177.64	176.70	178.50
		160.15	163.90	165.86	170.09	167.33	176.94	180.92	182.80	178.50
(Maple Leaf Sig. #4)		157.35	160.07	158.89	164.22	164.22	165.98	173.57	176.84	175.04
		157.35	162.07	162.80	166.81	166.22	172.89	177.57	179.20	175.76
Soymeal Delivered	363	368	374	382						
Corn Delivered	267	268	274							

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