

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

Hog Margin Outlook

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Wednesday, November 09, 2011

Forward contract prices opened lower this morning.

U.S. cash markets are showing few signs of support after close to 2 weeks of declines. The pork cut-out fell \$1.50/cwt in yesterday's trade, eliminating the gain that was seen earlier in the week. Nearby futures are at risk of accelerating the trend lower as the market will start to anticipate further weakness as the bearish sentiment builds. What is needed to prevent further weakness is a firm cash market to break the belief that futures traders may have about the cash market moving lower into mid-December. News that Italy's Prime Minister Berlusconi agreed to resign helped to stabilize currency markets yesterday. However, the Canadian Dollar is down again this morning as the crisis in Europe is far from over with higher borrowing costs for Italy being the latest cause for concern.

Canadian delivered soymeal prices opened lower this morning.

Soybean futures dropped sharply in response to today's WASDE report, as the report increased projected ending stocks by 35 million bushels. The USDA actually adjusted their production forecast for this crop year lower, but a reduction in export demand more than offset the tighter supply.

Canadian delivered corn prices opened higher this morning.

The USDA lowered the average corn yield for this year's crop by 1.4 bushels/acre compared to October's WASDE report, pegging the nation's average yield at 146.7 bushels/acre. This had the impact of reducing the ending stocks projection by 23 million tons. As a result, nearby corn futures opened higher reflecting the tighter supply.

US Slaughter	
430,000 – Tuesday's	
425,000 – Tuesday's (year ago)	
Western Corn Belt	\$84.19
Daily National Price	\$88.55
Daily Sig3(M.Leaf)	\$156.48
Daily Sig4(M.Leaf)	\$159.37
4-Month Fwd Avg	\$153.46
#1 Export Sows (+500lbs) \$48.50cwt	
B of C Ex. Rate (Noon) \$1.0140CAD / \$0.9862US	
Cash Prices: Week Ending November 04th, 2011	
73.02/160.99 Signature #3	
73.52/162.09 Signature #4	
72.12/159.00 h@ms Cash	
71.87/158.44 Hylife	
ISO Weans \$25-42.75US	
Feeder Pigs \$38-55US	

	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		148.03	145.21	155.52	157.21	159.72	172.77	171.83	174.76	166.77
		151.78	153.65	157.87	158.62	168.64	176.06	177.94	175.70	175.23
(Maple Leaf Sig. #4)		149.79	147.52	154.69	155.78	157.94	168.85	172.13	172.32	166.14
		151.79	151.42	155.78	157.78	164.85	172.85	174.49	173.05	172.14
Soymeal Delivered	340	344	352	361	367					
Corn Delivered	267	267	273	273						

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