



# Hog Margin Outlook

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

Thursday, November 10, 2011

**Forward contract prices opened lower this morning.** U.S. cash markets are trading lower again this morning, with packers finding supplies increasingly abundant to meet their orders. Hog slaughter is running near its highest level in the last two years, contributing to the weaker trend in cash bids. Adding to production is the increase in hog weights that have skyrocketed from the abnormally low level of 261 lbs seen in August to near record levels of 275 lbs. Lean Hog futures may start to anticipate further weakness as opposed to match the losses in the cash market as we have recently seen, if stronger cash market fundamentals do not materialize soon. The Canadian Dollar continues to be held down under U.S.\$0.98 by continued uncertainty in Europe, with the focus now on Italy.

<b>US Slaughter</b>	
431,000 – Wednesday's	
430,000 – Wednesday's (year ago)	
Western Corn Belt	\$83.42
Daily National Price	\$87.98
Daily Sig3(M.Leaf)	\$155.55
Daily Sig4(M.Leaf)	\$158.86
4-Month Fwd Avg	\$154.45
#1 Export Sows (+500lbs)	\$48.50cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0173CAD / \$0.9829US	
<b>Cash Prices: Week Ending November 04th, 2011</b>	
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

**Canadian delivered soymeal prices opened mixed this morning.** The soybean complex is approaching its lowest prices of the year, after yesterday's WASDE Report had exports weaker than most traders had anticipated. Production for the 2011/12 crop year was also lowered from last month, but the lower yields was not enough to cause a bullish response by the market.

**Canadian delivered corn prices opened lower this morning.** Yesterday's Report was not enough to shock the corn market out of the 25 cent trading range that it has maintained for the last month. While corn yield was estimated to have dropped to the lowest level since 2003, demand factors such as corn used in livestock feeding have also been cut.

	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		151.06	146.22	156.28	157.21	160.08	172.82	171.88	174.54	166.88
		154.81	154.65	158.86	158.62	169.01	176.11	177.99	175.48	175.35
(Maple Leaf Sig. #4)		152.73	148.48	155.65	155.78	158.29	168.90	172.18	172.12	166.25
		154.73	152.39	156.38	157.77	165.21	172.91	174.54	172.85	172.26
Soymeal Delivered	341	345	355	364	370					
Corn Delivered	267	267	273	273						

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