



Hog Margin Outlook

Meeting Your Marketing Needs

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

Wednesday, November 16, 2011

Forward contract prices opened lower this morning. U.S. packers continue to cut their cash bids for live hogs as supplies are outpacing the desire to slaughter them. Packers are concerned with the short term direction of live hog prices as they have some ability to delay fresh pork deliveries to the advantage of lowering their hog cost. Cash markets have now been trending lower for more than 2 weeks, which is not uncommon for this time of year, but is in stark contrast with the trend seen in the previous month. Earlier this week the USDA released its export sales data for September which confirmed near unprecedented sales volumes. Total pork exports were up by 37% over the same month in 2010, with exports China experiencing a 166% increase to year ago volumes. While China made up approximately half of growth in exports, double digit increases were also seen in Japan, Mexico, South Korea and Canada.

Canadian delivered soymeal prices opened mixed this morning. The Greek debt crisis is still a large concern and has pushed some investors back to the safety of the U.S. dollar, strengthening it. Despite the stronger U.S. dollar, China purchased 500,00 metric tons of soybeans yesterday.

Canadian delivered corn prices opened mixed this morning. The stronger U.S. dollar makes prices higher for importers of U.S. corn. As a result export demand is sluggish as U.S. corn looks to be ~\$25 ton more than alternative sources. However domestic demand remains strong from ethanol producers and livestock feeders.

US Slaughter	
432,000 – Tuesday's	
426,000 – Tuesday's (year ago)	
Western Corn Belt	\$80.94
Daily National Price	\$85.44
Daily Sig3(M.Leaf)	\$151.85
Daily Sig4(M.Leaf)	\$155.22
4-Month Fwd Avg	\$156.89
#1 Export Sows (+500lbs) \$49.50cwt	
B of C Ex. Rate (Noon) \$1.0235CAD / \$0.9770US	
Cash Prices: Week Ending November 11th, 2011	
71.23/157.04	Signature #3
72.47/159.77	Signature #4
70.31/155.00	h@ms Cash
71.05/156.63	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)		150.24	149.52	159.78	160.72	163.26	176.26	174.85	177.91	167.66
		150.24	157.99	162.22	162.13	172.21	179.56	181.44	178.85	178.51
(Maple Leaf Sig. #4)		151.95	150.80	158.19	158.46	160.83	171.78	175.16	174.84	168.02
		151.95	154.90	158.92	160.65	167.76	175.89	177.53	175.76	174.24
Soymeal Delivered	337	341	350	359	364	368	368	373		
Corn Delivered	264	265	271	272						

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