



# Hog Margin Outlook

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Wednesday, November 23, 2011

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

<b>US Slaughter</b>	
431,000— Tuesday's	
431,000 – Tuesday's (year ago)	
Western Corn Belt	\$81.80
Daily National Price	\$83.66
Daily Sig3(M.Leaf)	\$155.46
Daily Sig4(M.Leaf)	\$153.96
4-Month Fwd Avg	\$163.81
#1 Export Sows (+500lbs)	\$50.50cwt
<b>B of C Ex. Rate (Noon)</b> \$1.0368CAD / \$0.9645US	
<b>Cash Prices: Week Ending November 18th, 2011</b>	
68.71/151.48 Signature #3	
70.33/155.06 Signature #4	
68.04/150.00 h@ms Cash	
68.35/150.68 Hylife	
ISO Weans	\$24-59US
Feeder Pigs	\$43-59.50US

**Forward contract prices opened lower this morning.** Cash bids are higher as producers have cut back on their marketings, while packers attempt to add hours to Saturday's hog slaughter. Packer operating margins have shrunk, as they have been increasing cash bids while the price of pork continues to come under pressure. The November Cold Storage report showed a modest increase in supplies of pork, but the report fails to designate how much of this inventory is destined for export. Interestingly, pork belly stocks are down 63% from year ago levels, resulting in a 20% increase in price. Lean Hog futures are seeing limited price movements and limited volume, ahead of tomorrow's holiday. **Please note that there will be no Forward Contracting available tomorrow, and see Friday's close come at 11:30, due to reduced hours at the CME Group in observance of U.S. Thanksgiving.**

**Canadian delivered soymeal prices opened lower this morning.** Macroeconomic worries have increased uncertainty, which tends to lead to lower commodity prices. U.S. soybean export sales are trailing the pace needed to reach the USDA 2011/12 forecast, even though China currently appears to have strong soybean demand.

**Canadian delivered corn prices opened lower this morning.** Worries about the slacking global growth has corn markets looking bearish. Traders are expecting the weekly ethanol production figures to be strong.

	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		156.33	155.79	165.96	166.92	169.53	181.73	180.29	180.87	164.14
		156.33	164.42	168.74	168.36	178.66	185.10	187.02	181.82	180.83
(Maple Leaf Sig. #4)		157.97	156.99	164.52	164.52	166.96	177.10	180.54	177.73	165.50
		157.97	161.17	165.26	166.75	174.03	181.29	182.96	178.66	176.49
Soymeal Delivered	334	334	339	345	349	361	361	366	366	373
Corn Delivered	—	257	260	265						

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