

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

Hog Margin Outlook

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Wednesday, November 30, 2011

Forward contract prices opened lower this morning. U.S. cash markets continue to strengthen with gains of close \$3.00 already this week. Packers still have good operating margins, providing rationale to increase their bids for cash hogs. The typical seasonal trend would have prices appreciate by about 10% of their value, from now until the end of the year, which is what current futures values for December and February reflect. A recent focus of the futures market has been the influence of competing meats on the pork complex. Live cattle prices have appreciated close to 20% over the last 6 months, resulting in higher prices for consumers at the retail level. The Canadian Dollar has appreciated by 3 cents this week, the combination of better than expected economic growth and strong commodity prices are providing most of the support.

Canadian delivered soymeal prices opened lower this morning. The weakening U.S. dollar is making commodities like soybeans cheaper to import. The Ukraine's winter crops at present are not faring well, as well as hot and dry weather in India are putting a positive tone on U.S. crop prices.

Canadian delivered corn prices opened lower this morning. Argentina has record high corn production for 2011/12, at 30 million tonnes, up 7.5 million tonnes from the previous record. USDA adjusted Argentina's production estimate to 29 million in November. Lower U.S. dollar, combined with strong ethanol margins set a positive tone for corn.

US Slaughter	
430,000 – Tuesday's	
426,000 – Tuesday's (year ago)	
Western Corn Belt	\$83.73
Daily National Price	\$84.60
Daily Sig3(M.Leaf)	\$158.02
Daily Sig4(M.Leaf)	\$154.61
4-Month Fwd Avg	\$161.22
#1 Export Sows (+500lbs)	\$49.00cwt
B of C Ex. Rate (Noon)	
\$1.0296CAD / \$0.9712US	
Cash Prices: Week Ending November 25th, 2011	
69.95/154.22 Signature #3	
70.14/154.64 Signature #4	
68.95/152.00 h@ms Cash	
68.60/151.24 Hylife	
ISO Weans \$36-53US	
Feeder Pigs \$48.50-62.50US	

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		153.54	161.60	162.53	164.93	176.70	175.30	177.41	161.58	157.85
		161.94	166.14	163.93	173.80	179.97	181.83	178.34	177.69	157.85
(Maple Leaf Sig. #4)		154.64	160.19	160.19	162.43	172.19	175.54	174.33	162.89	157.11
		158.71	162.69	162.36	169.30	176.26	177.89	175.23	173.42	158.01
Soymeal Delivered	327	331	337	340	346	352	356	356	360	366
Corn Delivered	257	260	265							

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized