

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, December 07, 2011

Forward contract prices opened lower this morning. U.S. cash markets are finding support from wholesale meat prices as processors attempt to ramp up production ahead of the holiday demand. Demand for wholesale cuts is firm, with a significant influence from a short supply of both beef and chicken coming into the holiday period. Compared to its two main competitors, pork is inexpensive relative to the normal price relationship between meats. Lean Hog futures bounced higher yesterday, recovering from the sell-off seen over the previous few days. Traders are hesitant to price early 2012 contracts at a normal historical relationship to the current cash market, as they are concerned that exports to China will not be sustained at levels seen in recent months. The Canadian Dollar is under some pressure this morning, down from the highest level in a month that was seen in trade yesterday.

Canadian delivered soymeal prices opened mixed this morning. Soybeans have been sold to South Korea, 150,000 tonnes. Ending stocks are suspect of increasing as soybean exports are lower than expected. Traders expect ending stocks up 20 million bushels from November estimates to 215, as well as a decrease in exports by 25-50 million bushels.

Canadian delivered corn prices opened steady this morning. Ending stocks are expected to be adjusted lower for corn due to higher feed and ethanol use. The USDA Supply and Demand Report is set to come out this Friday. The expected corn ending stocks are ~838 million bushels, lower than the November 843 million bushel estimate.

US Slaughter	
430,000 – Tuesday's	
427,000 – Tuesday's (year ago)	
Western Corn Belt	\$83.32
Daily National Price	\$86.36
Daily Sig3(M.Leaf)	\$154.51
Daily Sig4(M.Leaf)	\$155.07
4-Month Fwd Avg	\$156.98
#1 Export Sows (+500lbs)	\$47.50cwt
B of C Ex. Rate (Noon) \$1.0117CAD / \$0.9884US	
Cash Prices: Week Ending December 2nd, 2011	
71.84/158.37 Signature #3	
70.53/155.49 Signature #4	
70.31/155.00 h@ms Cash	
69.39/152.97 Hylife	
ISO Weans	\$34-47.50US
Feeder Pigs	\$50-66.50US

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		147.81	156.50	157.43	160.13	172.70	171.31	173.20	157.46	153.75
		155.25	159.44	158.82	168.98	175.97	177.83	174.13	172.46	153.75
(Maple Leaf Sig. #4)		149.98	155.24	155.24	157.77	168.32	171.66	170.24	158.87	153.11
		152.23	156.19	157.40	164.62	172.39	174.01	171.14	168.35	154.01
Soymeal Delivered	322	325	331	333	342	347	352	352	360	366
Corn Delivered	262	264	268							

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