

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

Hog Margin Outlook

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Thursday, December 08, 2011

Forward contract prices opened lower this morning. U.S. cash markets continued the firm trend, even if the gains were marginal. Packers are competing for the available hogs as operations are good, as well as the prospect of firm wholesale prices. While prices for the ham primal cuts are down close to 13% from year ago levels, all of the other primal cuts are still trading significantly higher. Lean Hog futures have eroded since the start of the month, with the June contract dropping from the benchmark of \$100/cwt by about \$2.00/cwt. However, summer month contracts still hold good value, given that they are down only about 3% from their highs. The Canadian Dollar is holding near steady as investors await the details from today's EU summit on how the region will find a solution to its ongoing debt crisis.

Canadian delivered soymeal prices opened lower this morning. The USDA Export Sales Report this morning illustrated soybean sales at ~ 725,000 tonnes and meal sales at ~100,000 tonnes. Oil sales were noted as small. Export shipments, cumulative for the marketing year are at 428.3 million bushels, 35.6% lower than last year. Traders are expecting an increase of ending stock estimates from the November estimate of about 20 million bushels.

Canadian delivered corn prices opened lower this morning. U.S. corn is noted as being very pricey versus other countries, thus suppressing corn demand. The supply/demand update for tomorrow have traders expecting corn ending stocks at 830 million bushels, down 13 million bushels from last month. Ethanol production for the week ending Dec 2 averaged 954,000 barrels/day, up 1.6% from last year. Corn used in ethanol production last week was high, at 101.6 million bushels, the weekly average that is necessary to meet USDA estimates is 95.9 million bushels/week.

US Slaughter	
431,000 – Wednesday's	
426,000 – Wednesday's (year ago)	
Western Corn Belt	\$83.42
Daily National Price	\$86.29
Daily Sig3(M.Leaf)	\$154.51
Daily Sig4(M.Leaf)	\$154.78
4-Month Fwd Avg	\$156.68
#1 Export Sows (+500lbs)	\$47.50cwt
B of C Ex. Rate (Noon)	
\$1.0105CAD / \$0.9896US	
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)		147.96	155.85	156.78	159.44	171.71	170.31	172.71	158.23	154.50
		155.44	159.64	158.18	168.34	174.99	176.87	173.64	172.43	154.50
(Maple Leaf Sig. #4)		150.16	154.63	154.63	157.12	167.37	170.73	169.77	159.62	153.85
		152.42	156.40	156.80	164.01	171.45	173.08	170.68	168.33	154.75
Soymeal Delivered	323	326	333	335	343	349	353	353	359	365
Corn Delivered	262	264	268							

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