



# Hog Margin Outlook

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

Thursday, December 15, 2011

**Forward contract prices opened lower this morning.** U.S. cash markets are trading steady to lower again this morning, with this week's slaughter expected at over 2.35 million hogs. Packers are expecting weaker pork product values and this is contributing to the softness seen in cash bids. However, wholesale pork prices have been relatively firm recently, seeing modest gains in spite of the large hog supply and heavy carcass weights. Lean hog futures are trading 30 to 50 points lower this morning following the bear trend that has been established over the last two weeks. The December contract expired yesterday at \$85.70/cwt, more than 20% higher than it was a year ago. The Canadian Dollar regained almost all of yesterday's losses already this morning. An auction of Spanish bonds revealed stronger than anticipated demand, reflecting greater optimism for the financial future of the EU.

**Canadian delivered soymeal prices opened higher this morning.** Competing Argentinean soybeans were dealt a dry looking forecast for the next few weeks, providing some support for U.S. soybeans. Export sales for this week are currently at 500,000 tonnes for soybeans, 100,000 for meal and 7,500 tonnes for oil. Crush reports are lower than expected by approximately 1.723 million bushels. South Korea purchased 100,000 tonnes of non-GMO soybeans.

**Canadian delivered corn prices opened mixed this morning.** Ethanol production for the week ending Dec 9<sup>th</sup> averaged 938,000 barrels per day. This is up 0.11% from last year, but down 1.7% from last week. Total production of ethanol equalled 6.566 million barrels. Corn use was up for ethanol production by 4.12 million bushels. South Korea purchased 200,000 tonnes of Corn.

US Slaughter	
429,000	– Wednesday's
426,000	– Wednesday's (year ago)
Western Corn Belt	\$81.26
Daily National Price	\$85.82
Daily Sig3(M.Leaf)	\$155.00
Daily Sig4(M.Leaf)	\$158.51
4-Month Fwd Avg	\$156.72
#1 Export Sows (+500lbs)	\$47.00cwt
B of C Ex. Rate (Noon)	
\$1.0406CAD / \$0.9610US	
Cash Prices: Week Ending December 9th, 2011	
70.43/155.27	Signature #3
70.42/155.24	Signature #4
69.40/153.00	h@ms Cash
69.11/152.37	Hylife
ISO Weans	\$34-47.50US
Feeder Pigs	\$50-66.50US

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)			154.65 157.74	155.60 157.02	157.99 167.01	170.11 173.43	172.48 175.33	173.13 174.13	158.08 172.64	154.26 154.26	152.66 155.06
(Maple Leaf Sig. #4)			154.08 155.14	154.08 156.10	156.12 163.11	166.20 170.52	169.78 172.18	170.85 171.77	160.02 169.13	154.10 155.02	152.38 154.05
Soymeal Delivered	333	336	338	340	349	355	359	359	361	368	
Corn Delivered	259	261	265								

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