

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, December 16, 2011

Forward contract prices opened lower this morning. U.S. cash markets are finding a little support this morning, as packers are attempting to maximize tomorrow's slaughter while producers are willing to pull hogs ahead of their normal marketing schedule. Packer operating margins are estimated to be trading just shy of \$20/hog, some of the best profits that they have seen all year. However, futures traders remain pessimistic of the cash market's ability to rally after the holidays. Next week's trade will be focused on the earlier than normal release of the USDA's Quarterly Hogs and Pigs report. Early estimates for hog supply from the industry are coming in moderately higher than year ago numbers, while estimates for the pig crop are coming in at +2% or higher. The Canadian Dollar is finishing the week at US\$0.9650, with some support coming from some modest signs of economic growth in the US.

Canadian delivered soymeal prices opened higher this morning. Weekly soybean export sales were a tad below expectations. The largest purchaser of U.S. soybeans was, again, China at 354,200 tonnes. USDA forecast of cumulative sales are currently at 63.7%, which is below the five year average by 4.8%. Net oil sales are within the low end of expectations at 5,500 metric tonnes.

Canadian delivered corn prices opened mixed this morning. Weekly corn export sales are on par with expectations at 504,700 metric tonnes for the current marketing year. Cumulative corn sales are currently at 57.4% of the USDA forecast, above the five year average by 9%. The largest purchaser of corn was Mexico, at 315,300 tonnes of the total.

US Slaughter	
430,000 – Thursday's	
422,000 – Thursday's (year ago)	
Western Corn Belt	\$80.23
Daily National Price	\$85.77
Daily Sig3(M.Leaf)	\$152.02
Daily Sig4(M.Leaf)	\$157.37
4-Month Fwd Avg	\$154.99
#1 Export Sows (+500lbs) \$47.00cwt	
B of C Ex. Rate (Noon) \$1.0337CAD / \$0.9674US	
Cash Prices: Week Ending December 16th, 2011	
70.21/154.78 Signature #3	
71.26/157.11 Signature #4	
68.95/152.00 h@ms Cash	
69.70/153.66 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)			153.19 156.08	154.14 155.56	155.82 164.82	167.89 171.20	166.47 173.10	170.92 171.87	156.85 170.86	153.03 153.03	151.24 153.62
(Maple Leaf Sig. #4)			152.67 153.54	152.67 154.70	154.01 160.98	164.05 168.36	167.62 170.01	168.65 169.57	158.81 167.39	152.90 153.82	150.98 152.64
Soymeal Delivered	334	337	339	342	348	354	358	358	368	374	
Corn Delivered	259	261	265								

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