

Tuesday, December 20, 2011

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

| | |
|-----------------------------------------------------|-----------------------|
| US Slaughter | |
| 433,000 | — Monday's |
| 430,000 | — Monday's (year ago) |
| Western Corn Belt | \$79.51 |
| Daily National Price | \$84.84 |
| Daily Sig3(M.Leaf) | \$151.05 |
| Daily Sig4(M.Leaf) | \$156.08 |
| 4-Month Fwd Avg | \$154.52 |
| #1 Export Sows (+500lbs) | \$46.00cwt |
| B of C Ex. Rate (Noon) | |
| \$1.0364CAD / \$.9649US | |
| 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 | |

Forward contract prices opened lower this morning. U.S. cash markets are trading lower again this morning as both supply and demand related fundamentals appear to be having a bearish influence on prices. Hog supplies are still large as is typical for this time of year, however the reduced slaughter schedule over the next 2 weeks is expected to limit any upside potential that may arise from good packer operating margins. Export demand is the primary concern over the next two months, with most traders believing the demand from China will slow significantly. Lean Hog futures have already factored in weakness compared to normal seasonality, but prices may actually decline further from current levels into early February. The Canadian Dollar is finding support from strong crude oil prices, core inflation within the target area and a recent easing of concern over the global economy.

Canadian delivered soymeal prices opened higher this morning. Soybeans exports were under trade expectations according to the weekly export inspections report, coming in at 31.27 million bushels. Cumulative shipments are also low, currently at 37.7% of the USDA export forecast for the year, 5.2% lower than the five year average. Competing crops in Argentina and Brazil are having a poor start to their crop season with hot weather and less rain than hoped for.

Canadian delivered corn prices opened higher this morning. Corn sales are performing above trade expectations according to the weekly export inspections report, coming in at 44 million bushels, well above the 29.9 million expected each week. Argentina and Brazil are having their production estimates decreased, as their corn is tasseling in hot and stressful weather. Ethanol profit margins turned soft for the past few weeks as the blender credits will be gone as of the first of the New Year.

| | Dec | Jan | Feb | Mar | Apr | May | June | July | Aug | Sep | Oct |
|------------------------------------------|-----|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | | 150.67 | 151.61 | 154.11 | 166.86 | 165.44 | 170.63 | 156.94 | 153.13 | 149.99 |
| (Maple Leaf Sig. #4) | | | 153.12 | 153.03 | 163.08 | 170.16 | 172.05 | 171.58 | 170.57 | 153.13 | 152.35 |
| Soymeal Delivered | 343 | 346 | 348 | 350 | 358 | 364 | 368 | 368 | 377 | 384 | |
| Corn Delivered | 259 | 261 | 265 | | | | | | | | |

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