

Tuesday, December 27, 2011

**Forward contract prices opened lower this morning.** U.S. cash markets opened lower, with an abundant supply of hogs ready for the first full day of slaughter in 3 days. Hog supply is likely to outpace demand for the next two weeks, strictly as a result of the limitation of production days. Wholesale pork prices are expected to make improvements over the same timeframe as supply is constrained and demand remains firm. Lean Hog futures are starting this week lower as traders will factor in some of the cash market weakness to the nearby contracts. 2012 contracts have been on a bearish trend for several weeks, caused by the belief that export orders to China have dried up, resulting in volumes more comparable to year ago levels. The Canadian Dollar is starting this week higher, following the stock market as traders' perspectives on the U.S. economy improves.

## USDA Quarterly Hogs and Pigs Report

December 23, 2011

Category	2010	2011	Pct of 2010	Report Estimates	Actual - Estimate
Inventories on December 11					
All hogs and pigs	64,925	65,931	101.5	101.3	0.2
Kept for breeding	5,778	5,803	<b>100.4</b>	100.8	-0.4
Kept for market	59,147	60,128	101.7	101.3	0.4
Under 50 lbs.	18,864	19,271	102.2	101.8	0.4
50-119 lbs.	16,519	16,895	102.3	101.5	0.8
120-179 lbs.	12,233	12,472	102.0	101.0	1.0
180 lbs. and over	11,531	11,490	<b>99.6</b>	101.2	-1.6
Farrowings <sup>2</sup>					
Sep-Nov sows farrowed	2,874	2,894	<b>100.7</b>	99.9	0.8
Dec-Feb Intentions	2,843	2,865	<b>100.8</b>	100.6	<b>0.2</b>
Mar-May Intentions	2,917	2,890	<b>99.1</b>	100.8	<b>-1.7</b>
Sep-Nov Pig Crop <sup>1</sup>	28,488	29,014	101.8	101.6	0.2
Sep-Nov pigs saved per litter	9.91	10.02	<b>101.1</b>	101.6	<b>-0.5</b>

\*Thousand head

\*\*Thousand litters

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

<b>US Slaughter</b>	
2.16 Mill	— Last Week's
1.85 Mill	— Last Week's (year ago)
Western Corn Belt	\$78.86
Daily National Price	\$83.84
Daily Sig3(M.Leaf)	\$147.64
Daily Sig4(M.Leaf)	\$152.01
4-Month Fwd Avg	\$157.92
#1 Export Sows (+500lbs)	\$46.00cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0214CAD / \$0.9790US	
<b>Cash Prices: Week Ending December 23rd, 2011</b>	
67.94/149.79	Signature #3
70.22/154.80	Signature #4
67.13/148.00	h@ms Cash
68.61/151.25	Hylife
ISO Weans	\$35-59.60US
Feeder Pigs	\$53-72.00US

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)			152.53	153.56	155.93	170.35	168.95	171.63	157.70	153.95	152.14
(Maple Leaf Sig. #4)			154.87	154.96	164.83	173.63	175.50	172.57	171.82	153.95	154.48
Soymeal Delivered	360	358	360	362	366	370	376	379	381	389	
Corn Delivered		262	264								

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