

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

US Slaughter	
433,000 – Tuesday's	
425,000 – Tuesday's (year ago)	
Western Corn Belt	\$78.88
Daily National Price	\$82.88
Daily Sig3(M.Leaf)	\$147.59
Daily Sig4(M.Leaf)	\$150.17
4-Month Fwd Avg	\$158.68
#1 Export Sows (+500lbs) \$45.00cwt	
B of C Ex. Rate (Noon) \$1.0208CAD / \$.9796US	
Cash Prices: Week Ending December 23rd, 2011	
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	

Wednesday, December 28, 2011

Forward contract prices opened higher this morning. U.S. packer bids were mixed in trade yesterday as some packers had trouble sourcing all of their slaughter requirements, as producer delivery schedules were still somewhat limited. Wholesale pork prices are being supported by the reduced production levels, but pork from inventory has kept the volume of trade strong. Last Friday's release of the USDA Hogs and Pigs Report triggered little reaction in Lean Hog futures, as the report came in close to analyst expectations. Generally, the report showed a slight increase in production over year ago levels, with modest increases projected for the next 6 months. Futures traders are more concerned with the demand side of the equation, with export sales growth projected to slow significantly compared to last year. However, production cuts to both chicken and beef are bullish factors for domestic demand in 2012.

Canadian delivered soymeal prices opened lower this morning. The soybean complex was sharply higher in trade yesterday as market participants grow more concerned over the lack of precipitation in the forecast for huge regions of South America. With the current dry conditions in both Argentina and Brazil, yields are expected to be significantly lower than trend line.

Canadian delivered corn prices opened lower this morning. Corn markets have climbed more than 50 cents per bushel in the last two weeks, with one of the fundamental drivers being the dry weather conditions in South America. In addition, ethanol production is expected to break new records, in spite of the elimination of the tax credit that contributed heavily to the industry's growth over the last 10 years.

	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)			153.27 155.62	154.34 155.75	156.88 165.79	171.04 174.32	169.63 176.20	171.38 172.32	157.35 171.90	153.61 153.61	151.90 154.24
(Maple Leaf Sig. #4)			152.87 153.60	153.36 155.72	155.55 162.45	167.63 171.90	171.90 173.53	169.58 170.48	159.69 168.91	149.93 154.81	152.07 154.06
Soymeal Delivered	361	359	361	363	367	370	376	379	385	388	
Corn Delivered		262	264								

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.