



# Hog Margin Outlook

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Wednesday, January 11, 2012

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

<b>US Slaughter</b>	
426,000 – Tuesday's	
374,000 – Tuesday's (year ago)	
Western Corn Belt	\$82.41
Daily National Price	\$83.68
Daily Sig3(M.Leaf)	\$153.53
Daily Sig4(M.Leaf)	\$150.97
4-Month Fwd Avg	\$157.17
#1 Export Sows (+500lbs) \$47.25cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0164CAD / \$0.9839US	
<b>Cash Prices: Week Ending January 6th, 2012</b>	
67.83/149.53	Signature #3
67.08/147.89	Signature #4
66.23/146.00	h@ms Cash
65.67/144.77	Hylife
ISO Weans	\$46-68US
Feeder Pigs	\$62-75US

**Forward contract prices opened lower this morning.** U.S. cash markets are trading lower this morning as packers are starting to react to the weak operating margins they have experienced in the last couple of weeks. In the past, early January has proven to be an unpredictable time period with respect to operating margins, as hog supplies peak, but the holiday slaughter schedule distorts market signals. Current operating margins are trading near \$2.00/hog, well under levels that would recover the variable costs of slaughtering that animal. Lean Hog futures are seeing direct influence from the cash market this morning, with the nearby contracts losing everything that they gained in trade earlier this week. The Canadian Dollar is back trading near the US \$0.98 level, with some supportive economic indicators coming from the U.S. offsetting a still uncertain outlook for the Euro zone.

**Canadian delivered soymeal prices opened lower this morning.** European economic uncertainties are back on the radar with some traders anxious about the impact on the global economy should Italy default on its debt. The rain in Argentina was better than anticipated overnight, easing some soybean crop stress from the constant dry heat. The much anticipated WASDE report comes out tomorrow, until then choppy trade is anticipated for today.

**Canadian delivered corn prices opened lower this morning.** Argentina and southern Brazil received better than expected rains yesterday easing crop stress in 75% of their corn belt. Their weather forecast doesn't call for more rain until next weekend, so crop losses are still a large concern.

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
Fixed Forward		147.64	147.83	151.32	167.20	165.80	169.48	161.33	155.80	153.91
Range (Maple Leaf Sig. #3)		147.64	150.17	160.23	170.48	172.36	170.42	171.17	157.21	155.79
(Maple Leaf Sig. #4)		147.77	148.50	149.98	164.64	166.91	167.20	162.21	156.05	153.13
		147.77	150.31	157.43	167.81	170.17	168.11	168.38	160.31	154.76
Soymeal Delivered	367	367	367	379	379	386	386	392		
Corn Delivered	264	266	274							

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized

## Rothsay Animal Vegetable Feed Fat

\$815 tonne ↓ (2 – 19 mt)

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