

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

Hog Margin Outlook

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Tuesday, January 17, 2012

Forward contract prices opened mixed this morning. U.S. cash markets started the week narrowly mixed, with packers having little trouble sourcing supplies to meet their slaughter requirements. Last week's slaughter came in close to 4% higher than year ago levels, a supply that was largely unexpected this early in the new year. Hog weights are running near steady with year ago levels, but heavy compared to history at 208 lbs. Some analysts suggest that the moderate winter weather that most of North America has felt in the last two months has contributed to hogs moving to market sooner than anticipated. Lean Hog futures were closed yesterday, but are starting this morning mixed, with summer month contracts coming under pressure. The Canadian Dollar near the high end of its trading range, pressuring forward prices lower.

Canadian delivered soymeal prices opened higher this morning. South American weather is uncertain, as it started off very hot and dry with limited rains and thus limited subsoil moisture. Higher than expected crush data, noted by National Oilseed Processors Association, has also been lending soy price support. Later this morning the USDA releases its weekly export inspections report.

Canadian delivered corn prices opened higher this morning. Corn in South America is still at potential risk in the key reproductive stage as the weather is looking dry and hot again. U.S. corn inventories had their ending supplies increased, but are still historically low.

US Slaughter	
376,000 – Monday's	
360,000 – Monday's (year ago)	
Western Corn Belt	\$82.31
Daily National Price	\$84.53
Daily Sig3(M.Leaf)	\$154.57
Daily Sig4(M.Leaf)	\$153.71
4-Month Fwd Avg	\$159.87
#1 Export Sows (+500lbs) \$47.05cwt	
B of C Ex. Rate (Noon) \$1.0245CAD / \$0.9761US	
Cash Prices: Week Ending January 13th, 2012	
70.33/155.06	Signature #3
68.70/151.46	Signature #4
68.49/151.00	h@ms Cash
67.69/149.24	Hylife
ISO Weans	\$47-68US
Feeder Pigs	\$59-75US

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		152.06	149.49	153.09	169.39	167.99	173.33	164.88	158.53	151.67
		152.06	151.82	161.96	172.65	174.52	174.27	174.78	159.94	158.75
(Maple Leaf Sig. #4)		152.03	150.08	151.68	165.74	169.00	170.95	165.69	158.63	150.35
		152.03	151.88	159.09	169.90	172.25	171.87	171.90	163.01	157.67
Soymeal Delivered	367	367	367	379	379	386	386	392		
Corn Delivered	256	257	264							

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\$835 tonne ↓ (2 – 19 mt)

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