



# Hog Margin Outlook

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Tuesday, January 31, 2012

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

**Forward contract prices opened higher this morning.** Cash markets started this week higher, defying logic as the value of live hogs continues to exceed the aggregate value of the primal cuts. Packers are holding the line on their cash bids, with the more efficient plants inflicting pain on the less efficient. However, a positive sign came from the pork cut-out yesterday, as it was up \$0.65/cwt with all primal cuts contributing positively to the gain. Hog supplies are expected to decline marginally over the next two and a half months at which time the seasonal drop in numbers comes in that corresponds to lower conception rates typically seen in the preceding summer. Summer month Lean Hog futures are trading about \$3.00/cwt shy of contract highs, but traders will likely need to see some indications of strong export demand to return to those levels. The Canadian Dollar is trading at parity this morning as news from Greece claims that debt restructuring talks are going well with creditors.

US Slaughter	
406,000 – Monday's	
381,000 – Monday's (year ago)	
Western Corn Belt	\$86.91
Daily National Price	\$87.63
Daily Sig3(M.Leaf)	\$156.47
Daily Sig4(M.Leaf)	\$156.04
4-Month Fwd Avg	\$160.09
#1 Export Sows (+500lbs)	\$47.20cwt
<b>B of C Ex. Rate (Noon)</b>	<b>\$1.0032AD / \$0.9968US</b>

2012 Annual District Meetings			
Saskatchewan	Date	Time	Location
Swift Current	Tue, Feb 28	Noon	Wong's Kitchen; 320 S Service Road East, Swift Current
Saskatoon	Wed, Feb 29	Noon	Sandman Hotel; 310 Circle Drive West, Saskatoon
Manitoba	Date	Time	Location
Southeast District - Steinbach	Fri, Mar 2	Noon	Smitty's Restaurant; Clear Spring Mall, Steinbach
Heartland Marketing District - Starbuck	Mon, Mar 5	1:30 PM	Starbuck Community Hall; 25 Main Street, Starbuck
Southwest District - Somerset	Wed, Mar 7	1:30 PM	Somerset Community Hall; 201 1st Street, Somerset
Northwest District - Neepawa	Wed, Mar 7	7:00 PM	Royal Canadian Legion #23; 423 Brown Avenue, Neepawa
H.B. Marketing District - Portage la Prairie	Thurs, Mar 8	2:00 PM	The Glesby Centre; 11 2nd Street, NE, Portage la Prairie
Interlake East District - Oak Hammock Marsh	Fri, Mar 9	1:30 PM	Oak Hammock Marsh; Snowgoose Bay at Highway 220
South Central District - Morris	Wed, Mar 14	1:30 PM	Morris Big M Centre; Stampede Grounds, Morris

<b>Cash Prices: Week Ending January 27th, 2012</b>
72.05/158.84 Signature #3
69.91/154.12 Signature #4
70.31/155.00 h@ms Cash
68.96/152.02 Hylife
ISO Weans \$50-69US
Feeder Pigs \$64.50-74.50US

**Canadian delivered soymeal prices opened higher this morning.** Weekly soybean export inspections noted sales at 41.5 million bushels, considerably higher than the expected 17.8 million. In spite of this increase from expectations China's soybean inventory seems to be satiated at the moment, so traders do not expect much demand for imports in the near future.

**Canadian delivered corn prices opened higher this morning.** Weekly corn export inspections had sales lower than expected at 22.69 million bushels. Japan was in negotiations about purchasing 1 million tonnes of U.S. corn, however with the higher dollar traders remain skeptical.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		148.22	150.96	168.55	167.17	172.88	163.86	158.05	151.89	141.34
(Maple Leaf Sig. #4)		150.06	159.68	171.76	173.60	173.80	173.53	159.44	158.84	146.43
Soymeal Delivered	349	354	362	362	369	369	376			
Corn Delivered	261	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.

**Rothsay Animal Vegetable Feed Fat**  
\$835 tonne ↓ (2 – 19 mt)

To place your order call 1-866-768-4729

