

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, March 22, 2012

Forward contract prices opened mixed this morning. U.S. packers continue to struggle with sluggish domestic demand, forcing them to drop their cash bids in an effort to bring their operating margins into line. Estimated packer margins have been unprofitable for more than two months, with no sign of a change any time soon. In fact, the pork cut-out dropped below the benchmark \$80/cwt as reported yesterday, the lowest level seen so far in 2012. Lean Hog futures have found support some \$8.00/cwt lower than the contract highs. Increasingly, next week's Hogs and Pigs Report is being factored into the market, with most of the major categories expected to be near 2% higher than year ago levels, while the breeding herd is expected to be closer to 1.3% higher.

Canadian delivered soymeal prices opened lower this morning. March soybean imports are anticipated to reach 5.1 million tonnes, 45% higher than last year. China National Grains and Oils Information Centre noted ~29 million tonnes of soybeans will be imported in the first half of the year, 25% more than at last year's pace. The truck driver strike in Argentina continues, continuing to threaten timely export shipments.

Canadian delivered corn prices opened lower this morning. Pressures to the corn market include high ethanol stocks and rumblings of importers searching for Argentinean and Ukrainian corn. Corn use in ethanol production last week was higher than expected at 95.12 million bushels. An agriculture official in the Ukraine estimates an increase in corn production of 2.3 million tonnes over last year.

US Slaughter	
416,000 – Wednesday's	
413,000 – Wednesday's (year ago)	
Western Corn Belt	\$83.86
Daily National Price	\$87.65
Daily Sig3(M.Leaf)	\$152.65
Daily Sig4(M.Leaf)	\$154.50
4-Month Fwd Avg	\$160.27
#1 Export Sows (+500lbs) \$50.00cwt	
B of C Ex. Rate (Noon) \$0.9931CAD / \$1.0069US	
Cash Prices: Week Ending March 16th, 2012	
70.56/155.56 Signature #3	
69.80/153.89 Signature #4	
69.46/153.14 h@ms Cash	
68.55/151.12 Hylife	
ISO Weans \$46-50US	
Feeder Pigs \$78-86US	

	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range (Maple Leaf Sig. #3)		152.79 157.38	158.97 163.10	158.51 164.94	164.46 165.38	158.24 167.90	153.79 154.25	146.84 153.74	137.49 142.55	139.33 143.47
(Maple Leaf Sig. #4)		149.82 154.71	156.52 160.61	159.72 162.92	162.29 163.18	158.94 165.18	153.38 157.92	145.04 152.53	137.77 142.94	137.77 143.65
Soymeal Delivered	411	414	416	417	417	423	418			
Corn Delivered	274	270	272							

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

\$870 tonne ↓ (2 – 19 mt)

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