

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

Hog Margin Outlook

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Monday, April 02, 2012

Forward contract prices opened higher this morning. U.S. cash markets are called steady to lower this morning, as packers attempt a recovery in their operating margins by holding back their cash bids. Hog numbers have not yet started their seasonal decline, allowing packers a short window to lower their bids without hugely impacting their slaughter. Lean Hog futures will be acutely focused on the results of the Hogs and Pigs report, with influence being slightly supportive to the April contract, but slightly bearish to all of the others. The largest discrepancy from analysts' expectations was the pig crop numbers, which at 2.9% was 0.5% higher than the average estimate. A larger impact on hog producer profitability came from another report that was released Friday, US Grain Stocks, which caused both Corn and Soybean futures to trade limit up on ideas of a short supply.

Canadian delivered soymeal prices opened higher this morning. Planted soybean acreage is 1.5 million acres below expectations at 73.9 million acres. There are concerns that demand may stay strong in North America and Chinese demand doesn't appear to be wavering. Adding pressure is a decrease in South American supplies. Soy prices need to stay high if they are to attract more planted acres.

Canadian delivered corn prices opened mixed this morning. Planted corn acres are 1.164 million acres higher than expected, as the optimal early planting weather is enticing farmers to plant a projected 95.864 million acres. The demand for corn has been greater than expected in the last quarter raising concerns that ending stocks will very tight.

US Slaughter	
2.11 Mill – Last Week's	
2.12 Mill – Last Week's (year ago)	
Western Corn Belt	\$80.22
Daily National Price	\$83.55
Daily Sig3(M.Leaf)	\$146.91
Daily Sig4(M.Leaf)	\$148.17
4-Month Fwd Avg	\$156.63
#1 Export Sows (+500lbs)	\$48.00cwt
B of C Ex. Rate (Noon)	
\$0.9991CAD / \$1.0009US	
Cash Prices: Week Ending March 30th, 2012	
67.43/148.65	Signature #3
68.17/150.29	Signature #4
66.71/147.06	h@ms Cash
66.24/146.03	Hylife
ISO Weans \$32-46US	
Feeder Pigs \$68-85US	

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward	147.11	155.51	155.05	161.43	153.88	149.94	143.80	135.12	136.96
Range (Maple Leaf Sig. #3)	151.68	159.62	161.44	162.35	163.48	150.40	150.70	140.18	141.10
(Maple Leaf Sig. #4)	144.32	153.15	156.34	159.34	154.68	149.63	142.10	135.48	135.48
	149.18	157.22	159.52	160.22	160.88	154.15	149.58	140.64	141.35
Soymeal Delivered	439	441	443	443	446	440			
Corn Delivered	270	272							

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