

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

# Hog Margin Outlook

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**Wednesday, April 11, 2012**

**Forward contract prices opened lower this morning.** U.S. cash prices moved sharply lower yesterday as packers made a decisive move to bring their operating margins back into the black. Some of the cash market regions fell by close to \$3.00/cwt, a move that is counter seasonal. Typically hog numbers start to tighten from now until early June, forcing the price of hogs and pork higher. Even after yesterday's drop in bids, the pork cut-out is still trading at a discount to the cash market, which is unsustainable in the long term. Lean Hog futures had been trending higher for the previous week, but abrupt change in the cash market may prevent any near term appreciation in both the summer and fall month contracts. The Canadian Dollar dropped to 10 week lows yesterday as widespread weakness in commodity markets influenced the dollar lower. However, the Loonie is still within the narrow, 2 cent trading range of the last several months.

**Canadian delivered soymeal prices opened lower this morning.** South American soy production continues to see declining estimates; this echoes a sentiment of tightening supplies and causing a further rally in prices for soybeans. Argentina's production forecast was lowered by 1.5 million metric tons, where Brazil's soy production was reduced by 2.5 million. Pressure is now on the U.S. for a good crop. Demand has increased for soy products and prices have seen a 30% rally in the last few months.

**Canadian delivered corn prices opened mixed this morning.** Corn harvest from last year has current supplies remaining tight. Prices in the short term have risen to accommodate this. However, futures prices may see limited gains, as the corn crop is anticipated to be large.

<b>US Slaughter</b>	
418,000	— Tuesday's
416,000	— Tuesday's (year ago)
Western Corn Belt	\$78.95
Daily National Price	\$83.20
Daily Sig3(M.Leaf)	\$145.12
Daily Sig4(M.Leaf)	\$148.10
4-Month Fwd Avg	\$162.22
#1 Export Sows (+500lbs) \$46.00cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0028CAD / \$0.9972US	
<b>Cash Prices: Week Ending</b> <b>April 7th, 2012</b>	
67.04/147.80	Signature #3
66.52/146.65	Signature #4
66.00/145.51	h@ms Cash
64.92/143.13	Hylife
ISO Weans \$38-42.60US	
Feeder Pigs \$64-74US	

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward		159.86	159.40	164.94	157.66	155.08	148.40	140.37	142.21
Range (Maple		163.99	165.83	165.86	167.34	155.54	155.33	145.45	146.37
Leaf Sig. #3)									
(Maple Leaf Sig.		157.91	161.12	163.30	158.92	155.17	147.11	141.11	141.11
#4)		162.01	164.32	164.19	165.17	159.73	154.62	146.30	147.02
Soymeal	435	439	442	444	448	450			
Delivered									
Corn Delivered	266	272							

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