

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

Hog Margin Outlook

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Monday, April 23, 2012

Forward contract prices opened higher this morning. U.S. cash markets are expected to start this week steady to higher, with hog supplies tightening, but packer profitability holding the market back. Last week's slaughter came in at 2.08 million hogs with Saturday's slaughter only 9000 hogs across the US. If the cash market and wholesale pork prices do not find some support by the end of this week, expectations for summer highs near \$165/kg will need to be reduced. Lean Hog futures are seeing little negative reaction to the Cold Storage report, which showed stocks of pork grew by 7% over year ago levels. Pork bellies were among the primal cuts that experienced one of the largest inventory increases, climbing 25% over year ago levels when demand from South Korea had depleted supplies to the lowest level seen in years. The Canadian Dollar is seeing weakness this morning, as there is growing political and economic uncertainty in Europe.

Canadian delivered soymeal prices opened lower this morning. Private sales of soybeans for export of 165,000 metric tons were reported by the USDA Monday to unknown destinations. (Rumored to be China) Soybean imports by China in March increased by 37% from last year to 4.83 million metric tons. Today the USDA is to release its weekly export inspection report and weekly crop progress report.

Canadian delivered corn prices opened mixed this morning. The forecasted weather is cooler than originally anticipated and the Corn Belt area will be monitored for frost. Warmer forecasts are being pushed to the following week which will slow early growth. Corn plantings are anticipated to be near 37% complete, compared to last year's 8%.

US Slaughter	
2.08 Mill	— Last Week's
2.06 Mill	— Last Week's (year ago)
Western Corn Belt	\$80.68
Daily National Price	\$83.37
Daily Sig3(M.Leaf)	\$146.57
Daily Sig4(M.Leaf)	\$146.66
4-Month Fwd Avg	\$152.05
#1 Export Sows (+500lbs) \$44.00cwt	
B of C Ex. Rate (Noon) \$0.9911CAD / \$1.0090US	
Cash Prices: Week Ending April 20th, 2012	
66.38/146.35	Signature #3
66.54/146.70	Signature #4
65.52/144.44	h@ms Cash
64.96/143.22	Hylife
ISO Weans \$28-32US	
Feeder Pigs \$62-74US	

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward			148.36	154.84	147.41	146.55	139.28	132.14	133.97
Range (Maple			154.76	155.76	157.05	147.01	146.14	137.17	138.09
Leaf Sig. #3)									
(Maple Leaf Sig.			150.93	154.03	149.50	146.89	138.24	133.10	133.10
#4)			154.12	154.92	155.72	151.42	145.68	138.24	138.95
Soymeal	458	458	461	463	471	488			
Delivered									
Corn Delivered	272	272							

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