

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

Hog Margin Outlook

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Wednesday, May 09, 2012

Forward contract prices opened lower this morning. U.S. packers increased their cash bids yesterday, an indication that support to the pork complex may be in sight. The pork cut-out, a measure of the aggregate value of primal cuts that are sold into the open market, has shown moderate support recently. Yesterday the benchmark prices increased by close to \$0.50/cwt, with all but the rib primal contributing to the gains. The cut that has been the biggest drag on the pork cut-out has been bellies, which are trading at close to half the value seen in May 2011. Lean Hog futures are trading lower again this morning, with speculators waiting for tangible evidence that cash market fundamentals won't deteriorate further before they start buying the nearby contracts. The Canadian Dollar has lost 2 cents over the last week and is now trading near its 3 month lows. Uncertainty in Europe, stemming from the recent election in Greece has currency traders flocking to the U.S. Dollar from most other major currencies.

Canadian delivered soymeal prices opened lower this morning. Tomorrow's WASDE report will include the first 2012-2013 monthly supply and demand estimates. Analysts expect to see U.S. domestic soybean inventories at 170 million bushels for the end of next year.

Canadian delivered corn prices opened lower this morning. The highly anticipated WASDE report will forecast both supply and use which may prompt large price swings. Traders will be focused largely on estimates for domestic production and exports for the new crop, but will also see value in updated projections for production in South America.

US Slaughter	
415,000	— Tuesday's
403,000	— Tuesday's (year ago)
Western Corn Belt	\$77.19
Daily National Price	\$81.02
Daily Sig3(M.Leaf)	\$141.45
Daily Sig4(M.Leaf)	\$143.77
4-Month Fwd Avg	\$147.27
#1 Export Sows (+500lbs)	\$43.00cwt
B of C Ex. Rate (Noon) \$0.9997CAD / \$1.0003US	
Cash Prices: Week Ending May 04th, 2012	
63.78/140.61	Signature #3
65.59/144.61	Signature #4
63.33/139.61	h@ms Cash
63.70/140.43	Hylife
ISO Weans \$17-36US	
Feeder Pigs \$50-60US	

	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		143.16	149.14	142.02	142.43	135.75	129.17	131.02	130.01	136.95
		149.61	149.60	151.73	142.89	142.69	134.26	135.19	135.56	139.26
(Maple Leaf Sig. #4)		146.31	148.45	144.69	143.29	135.22	130.65	130.65	131.27	136.29
		149.88	149.88	150.95	147.86	142.93	135.84	136.56	133.78	137.54
Soymeal Delivered	471	471	473	476	479					
Corn Delivered	274	276								

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