

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

# Hog Margin Outlook

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**Wednesday, May 23, 2012**

**Forward contract prices opened lower this morning.** U.S. packer bids and wholesale pork prices moved in opposite directions yesterday, taking estimated packer margins deep into unprofitable territory by close to \$8.00/hog. Yesterday's cash market gains were typical of the week before the U.S. Memorial Day holiday. Strong demand for grilling cuts usually drives those bids higher, however loins, ribs and butts all traded sharply lower in yesterday's trade. The USDA released its Cold Storage report which confirmed the fears of most meat traders, that sales are slow. Pork inventories are 20% higher than they were in April 2011, and just shy of an all-time record large inventory set in 2009. The report has put a chill on the gains in Lean Hog futures seen last week, dropping nearby contracts a \$1.00/cwt. this morning. The Canadian Dollar is finding further weakness, approaching levels near US\$0.97, not seen since January.

**Canadian delivered soymeal prices opened lower this morning.** A positive long term weather forecast for the next 15 days show rain events in the central and southern Midwest Corn Belt, easing moisture concerns. The rain should help with uneven emergence and crusting in those areas. Demand could swing toward U.S. soybeans as Argentina's meal has a firm basis.

**Canadian delivered corn prices opened lower this morning.** Brazil's corn is currently selling at a discount to U.S. corn, which may reduce U.S. corn export sales for the time being. The weather forecast is negative for crop ratings with predictions of hot and dry conditions in the southern portion of the Corn Belt.

<b>US Slaughter</b>	
417,000	— Tuesday's
411,000	— Tuesday's (year ago)
Western Corn Belt	\$84.29
Daily National Price	\$84.99
Daily Sig3(M.Leaf)	\$157.45
Daily Sig4(M.Leaf)	\$153.75
4-Month Fwd Avg	\$149.98
#1 Export Sows (+500lbs)	\$44.00cwt
<b>B of C Ex. Rate (Noon)</b> \$1.0191CAD / \$0.9813US	
<b>Cash Prices: Week Ending May 18th, 2012</b>	
67.74/149.35	Signature #3
65.48/144.36	Signature #4
66.27/146.10	h@ms Cash
63.48/139.95	Hylife
ISO Weans \$20-36US	
Feeder Pigs \$45-57US	

	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		146.04	151.67	144.54	145.35	138.56	132.12	134.02	134.73	141.83
		152.63	152.62	154.45	145.82	145.65	137.33	138.27	140.41	144.20
(Maple Leaf Sig. #4)		150.17	151.44	147.28	146.23	138.02	133.62	133.62	135.97	141.11
		152.91	152.91	153.67	150.90	145.90	138.93	139.67	138.54	142.39
Soymeal Delivered	487	483	480	483	484	436				
Corn Delivered	274	276								

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