

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

# Hog Margin Outlook

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**Tuesday, April 17, 2012**

**Forward contract prices opened higher this morning.** U.S. cash markets are in a sluggish sideways trend, with slower export demand coinciding with slight reductions in hog numbers. Typically seen at this time of year is a price rally triggered by lower hog numbers and improved domestic demand that occurs as temperatures warm and consumer start to fire up their barbecues. Lean hog futures traders have come to the realization that the lofty prices experienced last year are unlikely, primarily due to weaker export sales. Nearby futures are still factoring in a US\$10/cwt increase over the next two months, but this is about US\$10/cwt lower than where cash prices were last year. The deferred contract months representing the 4<sup>th</sup> Quarter of 2012 still represent good value, if you subscribe to the belief that China will not be as active a buyer in that time as they were in 2011.

**Canadian delivered soymeal prices opened higher this morning.** There was a delay in the release of the weekly export inspection data and weekly crop progress data reports yesterday; these are to be released late this afternoon. For soybeans to gain any acres in this year's crop, prices need to strengthen further. Currently they are seeing support from strong export demand and tighter projected world supplies.

**Canadian delivered corn prices opened higher this morning.** With an upcoming warm and dry forecast for the next 6-10 days in the Midwest, corn plantings may be near a record pace by the end of the month. This is a bearish factor, as an early planted crop typically yields 5-10% larger. It is expected that the USDA crop progress report, when released late this afternoon, will illustrate ~20% seeding progress as of Sunday, which would be double than similar rates in recent years.

<b>US Slaughter</b>	
413,000	— Monday's
391,000	— Monday's (year ago)
Western Corn Belt	\$79.27
Daily National Price	\$82.76
Daily Sig3(M.Leaf)	\$145.65
Daily Sig4(M.Leaf)	\$147.25
4-Month Fwd Avg	\$154.06
#1 Export Sows (+500lbs)	\$44.00cwt
<b>B of C Ex. Rate (Noon)</b> \$1.0024CAD / \$0.9976US	
<b>Cash Prices: Week Ending</b> <b>April 13th, 2012</b>	
66.92/147.53	Signature #3
66.79/147.25	Signature #4
65.98/145.46	h@ms Cash
65.07/143.46	Hylife
ISO Weans \$28-32US	
Feeder Pigs \$62-74US	

	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward		154.12	150.04	156.45	149.22	147.68	141.24	133.68	135.50
Range (Maple		154.57	156.38	157.36	158.76	148.13	148.07	138.69	139.60
Leaf Sig. #3)									
(Maple Leaf Sig.		152.31	152.49	155.55	151.19	147.93	140.12	134.57	134.57
#4)		153.37	155.65	156.43	157.34	152.42	147.53	139.68	140.39
Soymeal									
Delivered	436	438	443	445	448	450			
Corn Delivered	266	272							

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