

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, April 19, 2012

Forward contract prices opened higher this morning. U.S. cash markets are trading steady this morning, but could see some weakness to finish the week as packer profitability remains poor. The pork cut-out is trading at levels 20% lower than was seen last year, a factor that has been a focus amongst futures traders the last several days. Lean Hog futures were down an additional \$2.00/cwt in trade yesterday, resulting in a \$5.00/cwt drop over the last week. Traders have grown more pessimistic about export sales to China in the coming months, however exports to Japan and Mexico are stable. Last year, it was the influence of South Korea and China that took our prices to record levels, but the factors that were driving those markets have dissipated. The Canadian Dollar has not broken out of its 3 month long trading range in spite of a substantial improvement to the economic outlook for North America. The Bank of Canada hinted that it would raise rates before the year end, which could be the factor that triggers a rally in the Loonie beyond our recent trading range.

Canadian delivered soymeal prices opened higher this morning. Soybean weekly export sales surpassed the expected range of 650,000 – 1.15 million metric tons and were reported by the USDA as 1.219 million metric tons. If sales remain strong, this should reinforce soybean prices, as soy supply is still a concern.

Canadian delivered corn prices opened higher this morning. Corn weekly export sales were weak and under the expected range of 500,000-850,000 metric tons. The USDA reported weekly corn sales of 298,000 tons. Low available supplies are reflected in strong cash corn markets.

US Slaughter	
418,000	— Wednesday's
414,000	— Wednesday's (year ago)
Western Corn Belt	\$81.12
Daily National Price	\$83.12
Daily Sig3(M.Leaf)	\$147.24
Daily Sig4(M.Leaf)	\$146.09
4-Month Fwd Avg	\$153.01
#1 Export Sows (+500lbs)	\$44.00cwt
B of C Ex. Rate (Noon) \$0.9902CAD / \$1.0099US	
Cash Prices: Week Ending April 13th, 2012	
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		153.18	149.08	155.73	147.77	145.71	138.99	131.63	133.46
Range (Maple		153.64	155.46	156.64	157.38	146.16	145.85	136.66	137.58
Leaf Sig. #3)									
(Maple Leaf Sig.		151.43	151.60	154.88	149.83	146.06	137.96	132.61	132.61
#4)		152.48	154.78	155.76	156.03	150.57	145.40	137.75	138.46
Soymeal									
Delivered	438	440	444	447	457	471			
Corn Delivered	272	272							

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