



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, May 14, 2012

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

US Slaughter	
2.09 Mill	– Last Week's
1.98 Mill	– Last Week's (year ago)
Western Corn Belt	\$78.09
Daily National Price	\$80.17
Daily Sig3(M.Leaf)	\$142.68
Daily Sig4(M.Leaf)	\$141.84
4-Month Fwd Avg	\$147.75
#1 Export Sows (+500lbs)	\$43.00cwt
B of C Ex. Rate (Noon) \$0.9968CAD / \$1.0032US	
Cash Prices: Week Ending May 11th, 2012	
63.64/140.31	Signature #3
65.12/143.56	Signature #4
63.10/139.12	h@ms Cash
62.83/138.52	Hylife
ISO Weans \$17-33US	
Feeder Pigs \$45-46US	

Forward contract prices opened mixed this morning. U.S. cash markets caught a glimpse of the normal trend for this time of year by seeing gains on Friday of about \$1.50/cwt. However, the economics of processing hogs are still in poor shape with wholesale pork values running at a deficit to the value of live hogs. Packers also rely on the value of by-products, which have been amounting to well over \$10/hog in recent months. Another factor impacting the cash markets negatively is the larger than expected hog supply, which took last week's slaughter 5% higher than year ago levels. The results of March pork export sales were released on Friday, showing mixed results. Sales to China/Hong Kong were comparable to February, while Mexico was stronger than expected, buying about 8% more pork than year ago. The Canadian dollar is trading under parity with the U.S. Dollar as traders look to minimize risk in light of ideas that Greece could exit the Euro zone.

Canadian delivered soymeal prices opened lower this morning. The USDA report last week didn't bring any new bullish factors for soybeans into the equation. U.S. weather is forecast as excellent for planting, adding bearish pressure. Worries about Greece have investors looking to the U.S. dollar for safety, making U.S. soy more expensive to import.

Canadian delivered corn prices opened higher this morning. The weather forecast for the Western Corn Belt is complimentary to seeding and plant growth. The USDA last week presented near term corn supplies to not be as tight as originally anticipated, relieving some supply pressure for the next two months.

	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		144.70	149.88	142.25	142.71	136.10	128.61	130.46	129.18	136.11
(Maple Leaf Sig. #4)		151.15	150.80	151.95	143.17	143.04	133.70	134.62	134.72	138.42
Soymeal Delivered	459	459	461	465	467					
Corn Delivered	274	276								

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