

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

Hog Margin Outlook

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Tuesday, May 22, 2012

Forward contract prices opened lower this morning. U.S. cash markets were unable to build on last week's momentum, with most cash markets reporting lower prices in yesterday's trade. One factor contributing to the weakness is lower wholesale pork prices, with the cut-out trading around \$81.00/cwt., putting estimated packer margins back into the red at around -\$4.00/hog. If cash prices cannot find strength this week, ahead of the U.S. Memorial Day, the outlook for further summer gains will be limited. Lean Hog futures already priced some of this pessimism into the market yesterday with the nearby contracts trading \$2.00/cwt. lower than the highs posted last week. The weak Canadian Dollar, however has contributed positively to forward prices as lower energy prices and uncertainty in Europe continue to impact our currency.

Canadian delivered soymeal prices opened lower this morning. The USDA Crop Progress report showed soybeans plantings to be 76% complete. The five year average is 42% and last year's planting for this time frame was 41%. Soybean emergence is reported at 35% as of Sunday, significantly higher than last year's 12% and the five year average of 13% emergence.

Canadian delivered corn prices opened mixed this morning. The USDA Crop Progress report showed corn emergence is near a record high, at 76% as of Sunday. The five year average for emergence at this time is 48%, and last year's was 45%. Corn plantings are essentially finished at 96% complete. The five year average is 81% for this time frame. Crop conditions were rated 77% in good or excellent condition.

US Slaughter	
418,000	— Monday's
397,000	— Monday's (year ago)
Western Corn Belt	\$84.35
Daily National Price	\$83.48
Daily Sig3(M.Leaf)	\$157.86
Daily Sig4(M.Leaf)	\$151.29
4-Month Fwd Avg	\$152.51
#1 Export Sows (+500lbs)	\$43.51cwt
B of C Ex. Rate (Noon)	
\$1.0210CAD / \$0.9794US	
Cash Prices: Week Ending	
May 18th, 2012	
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)		149.16	155.11	147.76	146.97	140.11	133.74	135.62	136.48	143.54
		155.69	156.05	157.58	147.44	147.14	138.90	139.83	142.13	145.90
(Maple Leaf Sig. #4)		153.11	154.74	150.33	147.76	139.49	135.14	135.14	137.63	142.74
		155.82	156.18	156.67	152.38	147.29	140.40	141.12	140.19	144.02
Soymeal Delivered	493	489	489	490	492	446				
Corn Delivered	274	276								

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