

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, May 30, 2012

Forward contract prices opened lower this morning. U.S. cash markets are showing limited seasonal influence, with the range of prices over the last month oscillating from \$79-\$85/cwt. There is no discernible bullish trend that one can point to suggest that we will break out of this trading range. The combination of more and heavier hogs, large cold storage inventories and slower domestic demand have put limitations on how high the cash market could climb in the summer months. Summer month Lean Hog futures have yet to trade at a discount to the cash market, but this scenario is increasingly likely unless there are indications that hog supply could drop dramatically. A factor aiding Canadian delivered prices is our currency which is trading within half a cent of recent lows. Currency markets are concerned by the increasing interest rates that some European countries are being forced to pay, resulting in many traders flocking to the more stable U.S. Dollar.

Canadian delivered soymeal prices opened mixed this morning. Soybean planting is at a record pace of 89% complete, as indicated by the weekly soybean planting report. Last year at this time it was at 48% complete and last week at 76% complete. The ten year average is 25% lower at 64% complete. Weekly export inspections were higher than expected at 12.4 million bushels.

Canadian delivered corn prices opened mixed this morning. The U.S. corn crops good to excellent rating decreased from last week's 77% to 72% this week. Short term U.S. corn demand is looking to relax as Brazil's corn crop is yielding well and is comparatively cheaper to U.S. corn. Weekly export inspections were high, at 29.5 million bushels.

US Slaughter	
425,000	— Tuesday's
421,000	— Tuesday's (year ago)
Western Corn Belt	\$80.29
Daily National Price	\$85.05
Daily Sig3(M.Leaf)	\$150.90
Daily Sig4(M.Leaf)	\$154.78
4-Month Fwd Avg	\$154.57
#1 Export Sows (+500lbs)	\$43.25cwt
B of C Ex. Rate (Noon) \$1.0253CAD / \$0.9753US	
Cash Prices: Week Ending May 25th, 2012	
71.07/156.69	Signature #3
70.01/154.35	Signature #4
69.90/154.11	h@ms Cash
68.58/151.20	Hylife
ISO Weans \$21-34US	
Feeder Pigs \$41-55US	

	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		150.38	157.53	150.58	149.82	143.12	135.47	137.37	137.47	144.58
		154.16	158.47	160.52	150.30	150.24	140.69	141.64	143.16	146.95
(Maple Leaf Sig. #4)		154.40	157.13	153.15	150.68	142.46	136.89	136.89	138.63	143.78
		157.14	158.59	159.57	155.26	150.36	142.22	142.95	141.20	145.06
Soymeal Delivered	498	494	491	494	495	451				
Corn Delivered	281	281								

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