



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, June 01, 2012

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

US Slaughter	
424,000 – Thursday's	
418,000 – Thursday's (year ago)	
Western Corn Belt	\$84.07
Daily National Price	\$84.15
Daily Sig3(M.Leaf)	\$159.48
Daily Sig4(M.Leaf)	\$154.58
4-Month Fwd Avg	\$161.12
#1 Export Sows (+500lbs)	\$43.25cwt
B of C Ex. Rate (Noon)	
\$1.0349CAD / \$0.9663US	
Cash Prices: Week Ending June 1st, 2012	
70.36/155.12	Signature #3
70.24/154.86	Signature #4
69.42/153.05	h@ms Cash
n/a	Hylife
ISO Weans \$21-34US	
Feeder Pigs \$41-55US	

Forward contract prices opened higher this morning. U.S. cash markets traded higher again yesterday, in spite of the impact of Monday's holiday which made the available supplies more abundant this week. U.S. packers are planning a large Saturday kill, estimated at nearly 200,000 hogs in order to make up for the lost hours earlier in the week. While the pork cut-out has been making gains, packers are taking their operating margins in the wrong direction as cash bids are increasing at a pace faster than wholesale pork prices. Lean Hog futures reacted very positively to the gains in the cash market, with nearby contract settling at or near limit up. The deferred month contracts saw a more muted reaction, but did gain more than \$1.00/cwt. The combination of the spike in yesterday's lean hog futures and the Canadian Dollar dropping to the lowest level seen so far this year resulted in some of the best forward contract prices available in months.

Canadian delivered soymeal prices opened lower this morning. Concerns of lower soy demand after yet another week of slow export sales is fuelling a bearish outlook. Frequent rains are assisting in pressuring prices as soybean crop yield potential increases as soil moisture levels are being replenished.

Canadian delivered corn prices opened lower this morning. Expectations for a large corn yields remain high with favourable growing conditions for the early planted crop. There is a chance for crop stress in some areas of the Midwest; Iowa, Illinois and Indiana are still in need of more rain. Export sales for the week ending May 24th were drastically lower than expected at 282,700 metric tonnes.

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)	157.49	166.32	157.44	155.02	148.65	139.76	141.68	141.31	148.52
(Maple Leaf Sig. #4)	161.28	167.27	167.46	155.49	155.84	145.04	146.00	147.08	150.92
Soymeal Delivered	486	488	491	493	448				
Corn Delivered	281								

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