

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

Hog Margin Outlook

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Monday, June 04, 2012

Forward contract prices opened higher this morning. U.S. cash markets are expected to start the week steady, maintaining the huge gains seen last week. Cash bids increased by close to 7% last week, while hog slaughter dropped by 12% due to the holiday reduced schedule. The pork cut-out also experienced some gains, but the benchmark for wholesale pork prices is still running at a deficit to cash bids making it difficult for some packers to maintain their slaughter schedule. Lean Hog futures are at risk of seeing some weakness after last week's rally, especially if the cash market is unable to hold its gains. Trade will remain volatile until market participants become more certain about the near term cash market trend. The Canadian Dollar is trading within 25 basis points of the lowest level in 2012, largely due to uncertainty in the Euro. There is no reason to expect a major departure from the current exchange rate as the sovereign debt crisis in Europe continues to unfold.

Canadian delivered soymeal prices opened higher this morning. Rain did not materialize over the weekend, which could stress the soybean crop if conditions persist. Weekly crop updates are anticipated to show good to excellent conditions at 67%. The weekly export inspections report showed lower than expected sales at 418,700 tonnes.

Canadian delivered corn prices opened higher this morning. The weather forecast for the Midwest this week is warmer than normal with scattered and light rain. Some areas may become stressed by these conditions, especially the southern Midwest region. It is expected the weekly crop conditions report will show a slight decrease in the good to excellent ratings by 1%.

US Slaughter	
1.82 Mill — Last Week's	
1.74 Mill — Last Week's (year ago)	
Western Corn Belt	\$85.87
Daily National Price	\$84.52
Daily Sig3(M.Leaf)	\$163.38
Daily Sig4(M.Leaf)	\$155.73
4-Month Fwd Avg	\$159.54
#1 Export Sows (+500lbs)	\$43.25cwt
B of C Ex. Rate (Noon)	
\$1.0380CAD / \$0.9634US	
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	
68.63/151.31 Hylife	
ISO Weans	\$31-45US
Feeder Pigs	\$50.02US

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		166.80	157.64	155.11	147.97	139.22	141.13	141.13	148.30
(Maple Leaf Sig. #4)		167.76	167.66	155.59	155.13	144.47	145.42	146.86	150.69
Soymeal Delivered	490	492	495	497	450				
Corn Delivered	281								

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