

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

# Hog Margin Outlook

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**Friday, June 15, 2012**

**Forward contract prices opened lower this morning.** The gains the cash market has seen this week exceed most trade participants' expectations, as reflected by the amount that the June Lean Hog futures had to rally into its expiration yesterday. A week ago, the Iowa Southern Minnesota region was trading at levels close to 7% lower than year ago levels. Over the week, we have seen a 15% increase in this region's price, triggered by tighter supplies and improved operating margins. Lean Hog futures continue to factor in the stronger market but are taking a much more cautious approach, with the nearby contracts gaining, while the deferred contracts are holding near steady. The Canadian Dollar is trading only half a cent lower than the highs experienced in the last month. Should the Canadian Dollar close at similar levels, it would imply that the market does not expect significant influence from the election results in Greece on Sunday.

**Canadian delivered soymeal prices opened higher this morning.** The ten day forecast has rain for the western and northern parts of the Midwest, yet leaves the eastern Corn Belt area fairly dry. Dry areas that have not received rain this week are under crop stress watch; Indiana, North & East areas of Illinois, South East Wisconsin and Ohio. Weekly soybean export sales were double that of expectations, at 1.005 million tonnes.

**Canadian delivered corn prices opened higher this morning.** Rain is expected next week for the western Corn Belt. The east part requires at least 1/2 inch or the crop conditions will become a threat to the pollination phase and thus, yields. Weekly export sales were below expectations.

<b>US Slaughter</b>	
398,000 – Thursday's	
406,000 – Thursday's (year ago)	
Western Corn Belt	\$96.17
Daily National Price	\$92.99
Daily Sig3(M.Leaf)	\$180.63
Daily Sig4(M.Leaf)	\$169.13
4-Month Fwd Avg	\$157.70
#1 Export Sows (+500lbs) \$44.00cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0247CAD / \$0.9759US	
<b>Cash Prices: Week Ending June 15th, 2012</b>	
79.37/174.99 Signature #3	
75.49/166.43 Signature #4	
77.50/170.85 h@ms Cash	
75.22/165.83 Hylife	
ISO Weans \$21-34US	
Feeder Pigs \$43-53US	

	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		169.31 170.25	157.57 167.43	151.46 151.93	144.54 151.60	136.31 141.48	138.19 142.42	139.09 144.76	146.18 149.01	142.36 147.09
(Maple Leaf Sig. #4)		167.41 168.87	159.13 165.50	152.13 156.77	143.80 151.63	137.64 142.92	137.64 143.65	140.18 142.74	145.31 147.05	144.72 146.55
Soymeal Delivered	500	502	505	508	470					
Corn Delivered	280	280								

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