



Hog Margin Outlook

Meeting Your Marketing Needs

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

| US Slaughter | |
|--|------------|
| 390,000 – Wednesday's | |
| 2,000 – Wednesday's (year ago) | |
| Western Corn Belt | \$97.11 |
| Daily National Price | \$98.96 |
| Daily Sig3(M.Leaf) | \$181.47 |
| Daily Sig4(M.Leaf) | \$179.08 |
| 4-Month Fwd Avg | \$149.98 |
| #1 Export Sows (+500lbs) | \$42.00cwt |
| B of C Ex. Rate (Noon) | |
| \$1.0195CAD / \$0.9809US | |
| Cash Prices: Week Ending July 6th, 2012 | |
| 83.77/184.68 Signature #3 | |
| 82.23/181.29 Signature #4 | |
| 82.48/181.83 h@ms Cash | |
| 81.04/178.65 Hylife | |
| ISO Weans \$18-34US | |
| Feeder Pigs \$36-48US | |

Thursday, July 12, 2012

Forward contract prices opened mixed this morning. Hog markets are seeing significant volatility with numerous factors impacting both cash and forward prices. Cash bids rebounded from early week losses in some regions, but packer profitability is still in bad shape. Wholesale pork markets are moving in a counter seasonal direction, despite both hog weights and numbers tightening to the lowest levels of the year. Livestock markets saw significant influence from grain market volatility after corn prices were taken to new highs due to cuts to projected production, but later experienced a sharp pull back due to heavy selling. The Canadian Dollar is trading lower this morning on concerns of poor growth prospects in Europe; however the Loonie is still in the middle of its recent trading range. While winter month forward contracts are down from their highs put in earlier this week, prices still represent fair value and producers should consider hedging some of their production in order to remove some of this uncertainty.

Canadian delivered soymeal prices opened higher this morning. Weather forecasts show below normal precipitation, with concern that the hot dry weather may creep further into the western Corn Belt area. South America is in short supply of soybeans when considering normal exports and this has importers keeping tabs on the U.S. crops. The estimated country wide average soybean yield is estimated at 40.5 bushels/acre.

Canadian delivered corn prices opened higher this morning. Corn is trading higher this morning, negating the late day losses experienced yesterday. The primary concern is that supplies may tighten to the point that demand will need to be rationed over the next year. Weather patterns are showing a cooling trend, but rain has yet to be seen. Ethanol production was very low last week, at 821,000 barrels per day.

| | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|--|------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 156.96 167.77 | 149.54 150.01 | 142.84 149.91 | 135.49 140.68 | 137.38 141.62 | 140.21 147.28 | 148.69 151.52 | 148.13 152.84 | 151.02 159.98 |
| (Maple Leaf Sig. #4) | | 158.55 164.92 | 150.27 154.91 | 142.98 150.00 | 136.86 142.15 | 136.86 142.88 | 141.16 145.18 | 147.73 149.47 | 150.29 152.12 | 150.35 158.57 |
| Soymeal Delivered | 560 | 560 | 552 | 562 | 557 | | | | | |
| Corn Delivered | 296 | 298 | | | | | | | | |

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