

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

# Hog Margin Outlook

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**Friday, August 03, 2012**

**Forward contract prices opened mixed this morning.** U.S. cash markets are finishing the week lower, with all measures showing a weaker trend. Hog numbers have stabilized and are expected to creep higher from here over the next several months. However, carcass weights continue to fall as producers have less incentive to market at heavier weights with feed costs running at record highs. There has yet to be any firm signs of significant culling to the breeding herd in response to higher feed costs, but an increased supply going to market is likely when temperatures cool. Nearby Lean Hog futures continue to come under pressure as both technical and fundamental indicators have triggered a sell-off by large funds and commercial traders. Contributing to the lower trend is a pessimistic view of the U.S. and world economy, which could impact demand. Good U.S. job data has resulted in a strengthening of the Canadian Dollar, now trading near parity with the US Dollar.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex has not felt the complete consequence of the weather yet, as yield potential continues to deteriorate due to the drought. Topsoil moisture maps are showing continued declines across a widening area. It is anticipated there will be another decrease in soybean's good to excellent rating on Monday's crop progress report.

**Canadian delivered corn prices opened higher this morning.** Demand for corn is already being rationed, as current exports have been reduced significantly and ethanol production is slowing. Livestock feeders' demand has decreased and has already seen a shift towards wheat.

<b>US Slaughter</b>	
405,000 – Thursday's	
408,000 – Thursday's (year ago)	
Western Corn Belt	\$91.04
Daily National Price	\$94.87
Daily Sig3(M.Leaf)	\$167.91
Daily Sig4(M.Leaf)	\$169.45
Thunder Creek	\$167.79
4-Month Fwd Avg	\$136.72
#1 Export Sows (+500lbs) \$23.00cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0062CAD / \$0.9938US	
<b>Cash Prices: Week Ending August 3rd, 2012</b>	
77.13/170.05 Signature #3	
77.08/169.94 Signature #4	
76.21/168.02 h@ms Cash	
75.78/167.06 Hylife	
79.61/175.50 Thunder Creek	
ISO Weans \$4-10US	
Feeder Pigs \$12-16.50US	

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward		139.87	133.25	126.74	128.57	134.11	144.24	149.30	154.82
Range (Maple Leaf Sig. #3)		143.99	140.13	131.78	132.70	141.93	147.92	152.53	167.83
(Maple Leaf Sig. #4)		141.47	134.19	128.86	128.86	135.22	143.42	150.47	154.06
		149.45	141.03	134.01	134.72	140.03	146.01	152.70	165.04
Soymeal Delivered	622	631	588	581	581				
Corn Delivered	331								

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For more information contact: Amanda Krasey @ (204)235-2237