

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, August 14, 2012

Forward contract prices opened lower this morning. U.S. hog slaughter is ramping up with daily kills approaching 420,000 hogs and putting pressure on cash market bids. Most cash market regions are down about \$15/cwt from their summer highs that were put in approximately 2 months ago. Alternatively, the pork cut-out has been relatively stable despite the recent increase in supply. It was at this time one year ago that China became very active in importing pork from the U.S. which contributed to strong pork prices throughout last fall. While pork exports are expected to be sharply lower than year ago levels, the current low prices could trigger increased sales to China and other countries. The Canadian dollar is holding firm at better than par value against the U.S. Dollar, but its higher trend has slowed in last week. Fall month forward contracts saw significant increases yesterday, recovering some of last week's losses.

Canadian delivered soymeal prices opened mixed this morning. Soybean pod setting has increased 12% to 83% this week. Market estimates pegged the good to excellent ratings of the soybean crops correctly, the good to excellent rating actually went up 1% this week to 30%. Soybean plants are reported to have started to yellow in some areas, meaning it is not possible for yield improvements for those areas.

Canadian delivered corn prices opened lower this morning. The good to excellent rating was steady for the first time in about nine weeks at 23% again, for this week. The poor to very poor ratings increased by 1% to 51%. This Thursday the Farm Foundation is having a webinar to discuss the topic "Potential Impacts of a Waiver of Ethanol Blending Rules", to see what, if anything could come of a reduction of corn for ethanol use even though it is still profitable for the blenders.

US Slaughter	
416,000 – Monday's	
411,000 – Monday's (year ago)	
Western Corn Belt	\$87.44
Daily National Price	\$92.95
Daily Sig3(M.Leaf)	\$159.20
Daily Sig4(M.Leaf)	\$163.87
Thunder Creek	\$159.43
4-Month Fwd Avg	\$133.00
#1 Export Sows (+500lbs) \$26.50cwt	
B of C Ex. Rate (Noon) \$0.9933CAD / \$1.0067US	
Cash Prices: Week Ending August 10th, 2012	
74.94/165.22 Signature #3	
75.39/166.20 Signature #4	
74.14/163.46 h@ms Cash	
73.62/162.30 Hylife	
76.16/167.90 Thunder Creek	
ISO Weans \$2.40-13US	
Feeder Pigs \$14-20US	

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		137.58 139.40	130.93 137.77	123.49 128.51	125.32 129.42	126.77 135.91	138.65 143.22	144.95 146.78	150.00 163.75	167.19 175.90	172.24
(Maple Leaf Sig. #4)		140.11 141.78	132.80 139.60	126.56 131.68	126.56 132.39	129.31 135.06	138.42 142.31	144.44 147.98	150.22 161.05	163.68 172.11	171.67
Soymeal Delivered	624	624	567	556	556						
Corn Delivered	320	336	304								

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