



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Wednesday, August 15, 2012

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

US Slaughter

419,000 – Tuesday's

416,000 – Tuesday's
(year ago)

Western Corn Belt \$88.01

Daily National Price \$92.46

Daily Sig3(M.Leaf) \$159.93

Daily Sig4(M.Leaf) \$162.70

Thunder Creek \$159.78

4-Month Fwd Avg \$131.89

#1 Export Sows (+500lbs)
\$26.50cwt

B of C Ex. Rate (Noon)
\$0.9914CAD / \$1.0087US

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

Forward contract prices opened lower this morning. Pack-er profitability is returning with firm pork cut-out and margins that are yielding a net return for most plants. However, it is likely to come at the expense of producer profitability over the next several months as pack-ers will attempt to maintain their margins by dropping their cash bids as hog supplies grow. Lean Hog futures suggest that the cash market will decline by approximately 15% over the next two months, as hog sup-plies build to their seasonal peak in November. Deferred month futures suggest a strong recovery in prices into next summer, where those con-tracts are trading just shy of \$100/cwt. The Canadian Dollar continues to trade above parity with the U.S. Dollar as recent economic indicators outpace forecasts and higher crude oil prices maintain a bullish influ-ence on our currency.

Canadian delivered soymeal prices opened higher this morning. Soybean crop conditions may have stabilized as the weather forecast looks to have rain and lower temperatures. For soy-bean prices to go lower, South America will need to have a good crop. Brazil and Argentina have increased soybean acreage compared to last year.

Canadian delivered corn prices opened higher this morn-ing. Corn cash markets are weaker as more corn is being imported and brought in through the Gulf of Mexico. Alternatively, exports are slow and demand from ethanol plants is slowing due to tight margins. Crop maturity and harvest progress remain at the forefront of market's concern.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		136.33	129.80	122.38	124.20	125.97	137.83	143.58	148.55	166.49	171.52
(Maple Leaf Sig. #4)		138.15	136.63	127.38	128.29	135.09	142.40	145.41	162.28	175.18	
		138.88	131.69	125.47	125.47	128.52	137.63	143.11	148.81	162.99	170.97
		140.55	138.48	130.58	131.29	134.27	141.52	146.64	159.62	171.41	
Soymeal Delivered	634	634	578	568	568						
Corn Deliv-ered	320	336	304								

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