

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

Hog Margin Outlook

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Friday, August 17, 2012

Forward contract prices opened mixed this morning. U.S. cash markets are finishing the week nearly \$5.00/cwt lower than week ago levels, with packers dropping bids to stay ahead of the lower primal pork values. Contributing to this weakness is a surge in market hog supply due to the seasonal increase in numbers combined with cooler temperatures allowing for improved growth rates. Weekly hog slaughter is expected to increase by about 15-20,000 hogs per week over the next month. Lean Hog futures are factoring in a \$10/cwt drop in cash prices over the next 2 months, which is near the historical trend, but would lag last year's fall prices by close to \$20/cwt. The Canadian Dollar continues to hold its value, trading close to a cent over parity with the U.S. dollar. However, the loonie is seeing some weakness today in response to lower than expected inflation in July and weaker oil prices.

Canadian delivered soymeal prices opened higher this morning. Soybean cumulative sales for the year are 20% higher than the five year average, which are currently at 54% of last year. The Northern Plains and the Eastern Corn Belt have been getting rains in the last two weeks, providing some optimism that yields may be better than average for these areas. Delays with seed and fertilizer delivery in Brazil may have implications on their next soybean crop as they are nearing the start of seeding.

Canadian delivered corn prices opened higher this morning. Ukraine's corn crop may be better than earlier projections suggested with weather being more cooperative. Ukraine's corn production is expected to be 21 million tonnes. China is seeing some bug problems which could impact their yields more than usual. Chinese analysts have projected a potential loss of ~500,000-1 million tonnes due to pests.

US Slaughter	
419,000 – Thursday's	
414,000 – Thursday's (year ago)	
Western Corn Belt	\$85.87
Daily National Price	\$91.92
Daily Sig3(M.Leaf)	\$155.53
Daily Sig4(M.Leaf)	\$161.21
Thunder Creek	\$155.14
4-Month Fwd Avg	\$129.52
#1 Export Sows (+500lbs)	\$26.50cwt
B of C Ex. Rate (Noon)	
\$0.9881CAD / \$1.0120US	
Cash Prices: Week Ending August 17th, 2012	
71.95/158.61 Signature #3	
73.82/162.74 Signature #4	
71.51/157.64 h@ms Cash	
n/a Hylife	
74.66/164.60 Thunder Creek	
ISO Weans \$2.40-13US	
Feeder Pigs \$14-20US	

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward			128.61	121.21	123.02	125.77	137.58	144.08	149.13	167.08	172.10
Range (Maple			135.43	126.21	127.12	134.85	142.12	145.90	162.80	175.74	176.65
Leaf Sig. #3)											
(Maple Leaf			130.53	124.33	124.33	128.30	137.36	143.57	149.35	163.56	171.07
Sig. #4)			137.31	129.43	130.14	134.02	141.23	147.09	160.12	171.95	173.71
Soymeal	637	637	585	573	573						
Delivered											
Corn Deliv-	320	336	304								
ered											

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