



# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, August 24, 2012

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

### US Slaughter

424,000 – Thursday's

412,000 – Thursday's  
(year ago)

Western Corn Belt \$79.64

Daily National Price \$88.75

Daily Sig3(M.Leaf) \$144.93

Daily Sig4(M.Leaf) \$156.40

Thunder Creek \$144.06

4-Month Fwd Avg \$125.04

#1 Export Sows (+500lbs)  
\$28.50cwt

**B of C Ex. Rate (Noon)**  
\$0.9928CAD / \$1.0073US

### Cash Prices: Week Ending August 24th, 2012

68.47/150.95 Signature #3

71.78/158.25 Signature #4

68.39/150.78 h@ms Cash

n/a Hylife

71.35/157.30 Thunder Creek

ISO Weans \$3.50-13.50US

Feeder Pigs \$12-22US

**Forward contract prices opened higher this morning.** U.S. cash markets continue their downward trend, pressured by abundant supplies and packers that are motivated to keep their operating margins in the black. Packers dropped their bids sharply yesterday, with some regions recording more than a \$3.50/cwt. drop. Typically, the big increases in weekly hog slaughter do not come until early September, but the cooler weather combined with high feed costs and a weaker cash market trend have spurred on the large run. Futures markets seem less concerned with the recent cash market weakness, despite the fact that for this date in recent history, the October contract is currently trading at the largest discount to the cash index in over 20 years. The Canadian Dollar has been holding a steady trend at slightly better than parity with the U.S. Dollar.

**Canadian delivered soymeal prices opened higher this morning.** The USDA reported a large number of soybean export sales yesterday. The strong pace for 2012/13 is currently more than 30% higher than the 5 year average for this time of year. The majority of the soybeans are headed to China, indicating strong demand for soybeans & products likely going into December. The crop tour continues on to report more areas with below average pod counts and size.

**Canadian delivered corn prices opened higher this morning.** The crop tour showed Iowa's yields were below USDA's expectations, yet Minnesota's results were above their projections. However, the corn crop conditions have been disappointing as the heat and dryness have deteriorated the yield potential across all Midwestern states. The tour wraps up today and should release final yield estimates to represent the entire US crop.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			122.67 129.52	116.61 121.63	118.44 122.55	122.18 131.32	134.07 138.64	142.54 144.37	147.48 161.24	168.12 176.83	173.16 177.75
(Maple Leaf Sig. #4)			124.81 131.62	119.91 125.04	119.91 125.74	124.87 130.63	133.99 137.89	142.11 145.65	147.79 158.63	164.58 173.02	172.13 174.79
Soymeal Delivered	630	630	604	604	604						
Corn Delivered	341	336	304								

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