



Hog Margin Outlook

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Monday, August 27, 2012

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

US Slaughter	
2.26 Mill—	Last Week's
2.12 Mill —	Last Week's (year ago)
Western Corn Belt	\$79.57
Daily National Price	\$87.50
Daily Sig3(M.Leaf)	\$144.68
Daily Sig4(M.Leaf)	\$154.06
Thunder Creek	\$145.34
4-Month Fwd Avg	\$124.39
#1 Export Sows (+500lbs)	\$28.50cwt
B of C Ex. Rate (Noon)	
\$0.9920CAD / \$1.0081US	
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
69.01/152.13	Hylife
71.35/157.30	Thunder Creek
ISO Weans \$1-10US	
Feeder Pigs \$14-21US	

Forward contract prices opened lower this morning. U.S. cash markets are starting this week steady to lower with market-ready hog supplies outpacing packer demand by a significant margin. Last week's slaughter was estimated at 2.265 million hogs, about 100,000 hogs larger than last week and 140,000 larger than last year. The Saturday kill ballooned to 150,000 hogs from 80,000 the previous week, which resulted in a second consecutive week of a hog slaughter experiencing 6% increase over year ago levels. The recent glut in supply was not largely anticipated, which is why the nearby Lean Hog contracts lost about \$4.00/cwt. in trade last week, resulting in new contract lows. Contributing to the weakness in the futures, there have been few signs of firmer pork exports as of yet, in spite of the significant price concessions seen over the few weeks. The Canadian Dollar is finding support this morning, trading at nearly US\$1.01.

Canadian delivered soymeal prices opened higher this morning. The Pro Farmer crop tour yield estimates are lower than USDA estimates. The U.S. average soybean yield is pegged at 34.8 bushels/acres plus or minus 2%, whereas the USDA estimated 36.1 bushels/acre. Total production is estimated at 2.6 billion bushels which is considerably lower than the USDA estimates. The tour surveyed more than 2,200 corn and soybean fields in Midwest states that accounted for 73 per cent of U.S. corn production in 2011 and 66 per cent of soybean production.

Canadian delivered corn prices opened higher this morning. Corn crops in the Southeast and Delta are in the direct path of Tropical Storm Isaac causing concern of irreparable damage. The Pro Farmer crop tour indicated U.S. corn yields are estimated at 120.25 bushels/acre plus or minus 1%; whereas the USDA yield estimates were 123.4 bushels/acre. Harvest looks to pick up if weather cooperates.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			122.08 128.91	115.90 120.90	117.72 121.81	121.67 130.79	133.52 138.08	142.70 144.06	147.40 161.13	167.73 176.42	172.76 177.34
(Maple Leaf Sig. #4)			124.21 131.00	119.19 124.30	119.19 125.01	124.36 130.10	133.45 137.34	141.80 145.33	147.70 158.52	164.19 172.62	171.73 174.39
Soymeal Delivered	632	632	605	606	606						
Corn Delivered	341	336	304								

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