



Hog Margin Outlook

Meeting Your Marketing Needs

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

Tuesday, August 28, 2012

Forward contract prices opened lower this morning. U.S. cash bids were lower again yesterday as the supply glut is preventing any scarcity of hogs that would force packers to compete more aggressively. Most regions reported bids dropping about \$2.00/cwt. from Friday's trade and no signs of support in trade today. Packers continue to stay ahead of any weakness in the pork cut-out, maintaining positive operating margins by dropping their hog costs. Lean Hog futures started the week near steady, but as the cash market continues to deteriorate, there is mounting pressure on the nearby contracts to fall further. The contracts representing the summer of 2013, remain supported by ideas that liquidation in the breeding herd occurring over the last month will cut back on hog supplies being marketed in this timeframe, resulting in higher bids.

Canadian delivered soymeal prices opened higher this morning. The US soybean crop has experienced a decrease in their good to excellent rating by 1%, to 30%. The percentage of the crop rated poor to very poor has increased by 1%, to 38%. Slight delays in harvest for the southern Delta area are expected due to the tropical storm Isaac, with the strong winds and heavy rain.

Canadian delivered corn prices opened lower this morning. Corn harvest is 6% complete, up 2% from last week. The weather forecast is conducive to making good harvest progress. The good to excellent rating for corn has decreased by 1%, to 22%. Large portions of the US corn crop are reportedly of poor quality, further exacerbating concerns the tight supply.

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

US Slaughter	
432,000—	Monday's
423,000 —	Monday's (year ago)
Western Corn Belt	\$78.19
Daily National Price	\$86.48
Daily Sig3(M.Leaf)	\$141.77
Daily Sig4(M.Leaf)	\$151.84
Thunder Creek	\$141.49
4-Month Fwd Avg	\$124.30
#1 Export Sows (+500lbs)	\$28.50cwt
B of C Ex. Rate (Noon)	
\$0.9892CAD / \$1.0109US	
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	

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			122.60 129.38	115.69 120.66	117.50 121.57	121.48 130.56	133.28 137.82	141.81 143.63	146.74 160.39	167.04 175.68	172.04 176.59
(Maple Leaf Sig. #4)			124.68 131.42	118.95 124.03	118.95 124.73	124.14 129.85	133.19 137.06	141.37 144.88	147.03 157.79	163.52 171.89	171.01 173.65
Soymeal Delivered	625	625	595	595	595						
Corn Delivered	339	339	310								

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.

Do you want increased exposure to independent hog producers?
Access more than 400 producers by advertising in this space!
 For more information contact: Amanda Krasey @ (204)235-2237