



Hog Margin Outlook

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Thursday, September 06, 2012

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

| US Slaughter | |
|---|--------------------------|
| 435,000 | — Wednesday's |
| 429,000 | — Wednesday's (year ago) |
| Western Corn Belt | \$68.81 |
| Daily National Price | \$78.93 |
| Daily Sig3(M.Leaf) | \$124.89 |
| Daily Sig4(M.Leaf) | \$138.73 |
| Thunder Creek | \$124.60 |
| 4-Month Fwd Avg | \$125.72 |
| #1 Export Sows (+500lbs) | \$29.00cwt |
| B of C Ex. Rate (Noon) \$0.9902CAD / \$1.0099US | |
| Cash Prices: Week Ending August 31st, 2012 | |
| 62.72/138.27 | Signature #3 |
| 67.98/149.86 | Signature #4 |
| 63.12/139.16 | h@ms Cash |
| 65.06/143.44 | Hylife |
| 67.45/148.70 | Thunder Creek |
| ISO Weans | \$2.75-15US |
| Feeder Pigs | \$13.50-18US |

Forward contract prices opened lower this morning. U.S. packers continue to benefit from an abundant supply of hogs, but the increased production levels have resulted in a glut of product on the market that has pressured the pork cut-out sharply lower. The cut-out dropped by about \$2.50/cwt, the largest single day's drop in months. Hog supplies may start to slow slightly as carcass weights have moved lower, an indication that producers are starting to pull hogs ahead of schedule. October and December Lean Hog futures are holding their value in spite of the weakness in the cash market. Traders are betting that hog numbers will ease and that the lower prices will spur increased consumption resulting in a price recovery in the short term. The Canadian Dollar experienced only minimal weakness after news of the Parti Quebecois win in Quebec.

Canadian delivered soymeal prices opened higher this morning. Private forecasts are estimating U.S. soybean yields higher than recent levels put out by the USDA, partly due to more beneficial weather in the last few weeks. A US grain company has revised soybean yield higher by 0.5 bushels per acre to 36.7, and production revised by an increase of 0.009 to 2.739 billion bushels, whereas the USDA forecast is 2.692 billion.

Canadian delivered corn prices opened higher this morning. Private analysts anticipate that the U.S. corn crop is lower by 2.9 bushels per acre compared to USDA estimates, with production 436 million bushels lower than expected. This is all speculation ahead of the WASDE report, which is available Next Wednesday Sept 12th at 8:30 am. The crop progress report is available Monday.

| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|--|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 121.90 | 116.21 | 118.02 | 121.43 | 133.23 | 140.76 | 145.91 | 165.77 | 170.79 |
| (Maple Leaf Sig. #4) | | 126.88 | 121.18 | 122.09 | 130.51 | 137.77 | 142.58 | 159.58 | 174.43 | 175.34 |
| Soymeal Delivered | 611 | 595 | 597 | 597 | | | | | | |
| Corn Delivered | 327 | 310 | | | | | | | | |

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WINNIPEG LIVESTOCK
 HWY #6 AND RD 236

LIGHT HOG PROGRAM!

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