

Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, August 30, 2010

Hog Prices: ↓ **Soymeal:** ↑

Corn: ↑ **Cdn Dollar:** ↔

US Slaughter	
2.110 Mill. — Last Week's	
2.203 Mill. — Last Week's (year ago)	
US Iowa/Sthrn MN	\$79.01
Western Corn Belt	\$79.03
Daily National Price	\$83.82
Daily Sig3(M.Leaf)	\$152.77
Daily Sig4(M.Leaf)	\$156.90
4-Month Fwd Avg	\$134.12
#1 Export Sows (+500lbs)	\$54.50 cwt
B of C Ex. Rate (Noon)	
\$1.0546CAD / \$.9482US	
Cash Prices: Week Ending August 27th, 2010	
70.89/156.29 Signature #3	
71.08/156.71 Signature #4	
69.92/154.15 MPMC Cash	
67.32/148.42 Springhill	

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Forward contract prices opened lower this morning. U.S. cash markets are starting this week with lower prices as packers are anticipating another increase in hog supplies of approximately 40,000 hogs over last week's 2.110 million. Hog supplies typically expand at the quickest pace for the year over the next two weeks as the hottest temperatures subside and growth rates improve. Packers are attempting to protect their excellent operating margins by taking a cautious stance in their buying program, fearing weakness in wholesale pork prices. Lean hog futures are steady this morning, trading in a typical relationship to the current cash market with the October and December contract discounted by \$4.00 and \$6.00 respectively. The Canadian Dollar is trading in the middle of its recent trading range, but could push higher as traders are split on the likelihood of an increase to interest rates by the Bank of Canada at its meeting next week.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning as forecasts for dryness and warming temperatures in the eastern and central Midwest are causing concern for potential yield losses. Strong export demand of both soybeans and soyoil, particularly to China, is also providing support for prices.

Canadian delivered corn prices opened higher this morning. Corn markets opened higher this morning as disappointing corn yields continue to be reported from fringe corn producing states such as Tennessee and Kentucky. The lack of corn produced there is putting pressure on the Corn Belt to turn out high yields in order to keep averages high.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		137.98 143.08	129.26 137.01	127.95 134.10	130.85 139.07	139.56 141.49	136.07 139.94	139.34 149.49	151.68 153.61	151.68 152.65
(Maple Leaf Sig. #4)		136.90 140.62	128.08 135.21	128.12 134.65	130.46 135.71	137.39 138.70	134.39 137.77	136.90 143.83	147.82 149.13	148.57 149.13
Estimated Hog Margin	17.65	15.36	10.78	11.35	13.59	18.13	17.50	21.91	27.53	
Soymeal Delivered	421	372	372	372	367	370	370	358	358	388
Corn Delivered	181	183	185	187	189	191	189			



Rothsay Animal Vegetable Feed Fat

\$658/tonne ↑ (2 – 19 mt)

To place your order call 1-866-768-4729

*Price quoted is FOB Southeast Manitoba

