



# Hog Margin Outlook

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Monday, January 31, 2011

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

<b>US Slaughter</b>	
2.179 Mill. – Last Week's	
2.141 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$79.29
Western Corn Belt	\$78.99
Daily National Price	\$78.71
Daily Sig3(M.Leaf)	\$144.64
Daily Sig4(M.Leaf)	\$139.57
4-Month Fwd Avg	\$168.41
#1 Export Sows (+500lbs) \$38.25 cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9990CAD / \$1.0010US	
<b>Cash Prices: Week Ending January 28th, 2011</b>	
62.57/137.94 Signature #3	
61.88/136.42 Signature #4	
61.49/135.56 MPMC Cash	
59.59/131.37 Springhill	

**Forward contract prices opened higher this morning.** U.S. cash markets are called steady to higher this morning, as packers attempt to slow the upward trend after Friday's gains of over \$2.00/cwt in some markets. Packers have benefitted by product values climbing steadily over the last week, resulting in the highest pork cut-out value in about five months. Lean hog futures continue to be influenced by other commodity markets and speculation on export demand. Nearby futures are trading higher this morning with the June contract trading just shy of the \$100/cwt price benchmark. The Canadian Dollar is trading higher, reacting to a number of economic reports released this morning. A StatsCan Report showed that Canada's economy grew by .4% in the month of November, beating analysts' expectations.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex is again experiencing upward movement due to a weaker U.S. Dollar, strong export demand, and a tight supply situation. Traders do not expect to see much downside movement until there is a better sense of whether U.S. farmers will plant enough soybean acres in 2011 to alleviate demand.

**Canadian delivered corn prices opened higher this morning.** Spillover support from wheat futures, along with a strong demand for ethanol is driving corn prices higher today. High prices for crude oil and gasoline are expected to provide support for corn prices over the long term. Analysts are currently predicting that the USDA will have to increase their estimates for corn used in ethanol.

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)			155.78	160.24	171.79	172.71	173.68	158.93	154.32	150.99
			158.53	171.24	175.00	177.75	174.61	173.17	155.25	154.22
(Maple Leaf Sig. #4)			154.05	156.50	164.94	168.84	167.83	159.00	151.67	149.61
			155.29	164.14	168.13	171.68	168.82	166.71	153.82	150.50
Soymeal Delivered	413	416	419	438	442	446	446	466	468	447
Corn Delivered	258	258	260	262	264	266				