



# Hog Margin Outlook

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Monday, February 07, 2011

Hog Prices: ↔ Soymeal: ↑

Corn: ↑ Cdn Dollar: ↑

US Slaughter	
2.058 Mill. – Last Week's	
2.146 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$80.23
Western Corn Belt	\$80.10
Daily National Price	\$81.48
Daily Sig3(M.Leaf)	\$145.37
Daily Sig4(M.Leaf)	\$143.20
4-Month Fwd Avg	\$167.35
#1 Export Sows (+500lbs)	\$38.50 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$0.9901CAD / \$1.0100US	
<b>Cash Prices: Week Ending February 4th, 2011</b>	
66.10/145.72 Signature #3	
64.33/141.82 Signature #4	
64.75/142.75 MPMC Cash	
63.05/139.01 Springhill	

*This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized*

**Forward contract prices opened steady this morning.** U.S. cash markets are starting the week lower as they continue to feel the impact of the winter storm that disrupted last week's trade. The Saturday slaughter schedule was huge at 238,000 hogs, close to 4 times larger than the week earlier as packers tried to make up for lost production time. However, hog supplies are still slightly backed up from last week in some areas, resulting in this week's lower start. Lean hog futures are starting the week with a firming trend, driven in large part from still bullish technical indicators. Fundamentals also remain optimistic as traders increasingly believe that both domestic and export demand will make further improvements from 2010. The Canadian Dollar is diminishing the impact of higher U.S. hog prices as it hit new highs in early trade this morning.

**Canadian delivered soymeal prices opened higher this morning.** The expectation that the USDA will again lower global ending stocks in Wednesday's Supply and Demand Report is moving soybean prices higher this morning. However, soybeans are not expected to increase as much as other grains due to better crop outlook in Argentina, as well as South and Central Brazil.

**Canadian delivered corn prices opened higher this morning.** The corn market is trading higher this morning as corn, soybeans, and cotton continue to battle for 2011 acres in the U.S. The USDA's February Supply and Demand Report, to be released on Wednesday, is anticipated to move the current ending stock projection of 745 million bushels to 736 million bushels.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		152.28	156.68	171.94	172.85	174.99	158.58	154.02	148.48	139.70
		153.64	167.58	175.12	177.84	175.90	174.17	154.93	154.42	144.73
(Maple Leaf Sig. #4)		150.62	153.05	165.09	168.96	169.10	158.60	151.35	146.26	139.44
		151.85	160.61	168.26	171.78	170.07	167.69	153.47	150.68	141.92
Soymeal Delivered	425	425	443	447	454	454	473	476	454	454
Corn Delivered	264	266	268	270	272					

**CONGRATULATIONS**  
**Rosedale Colony Farms**  
*Winner of the January 2011 Sow and Boar Lottery*