



# Hog Margin Outlook

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Thursday, May 05, 2011

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

US Slaughter	
406,000	– Wednesday's
396,000	– Wednesday's (year ago)
US Iowa/Sthrn MN	\$87.73
Western Corn Belt	\$87.35
Daily National Price	\$91.73
Daily Sig3(M.Leaf)	\$153.39
Daily Sig4(M.Leaf)	\$155.98
4-Month Fwd Avg	\$155.24
#1 Export Sows (+500lbs)	\$42.00cwt
<b>B of C Ex. Rate (Noon)</b>	
\$0.9580CAD / \$1.0438US	
<b>Cash Prices: Week Ending April 29th, 2011</b>	
72.21/159.19	Signature #3
70.56/155.55	Signature #4
71.00/156.53	MPMC Cash
70.50/155.42	Hylife

*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*

**Forward contract prices opened higher this morning.** U.S. cash prices are still trending lower as packers try to get ahead of the pork carcass cut-out that is on the threshold of dropping under \$90/cwt. By all accounts, export demand remains strong with the year over year gains in sales to Japan, Korea and China. This leaves domestic markets to account for the weakness, which appears to have consumers balking at the all-time highest prices paid for pork at the retail level. Lean hog futures are taking their cue from the cash market, which leaves even the more bullish traders questioning upside potential. The Canadian Dollar has still seen little to no reaction from the election results of earlier this week, as analysts had expected a stronger trend if conservatives were given a majority.

**Canadian delivered soymeal prices opened lower this morning.** High port inventories and comfortable supply levels at crushing plants have Chinese officials reducing their soybean purchases. The USDA reported that export sales for the week ended April 28 was 21,200 tons, which is considered extremely low. The large South American crop is continuing to have a bearish influence on prices.

**Canadian delivered corn prices opened lower this morning.** Large decreases in crude oil and metal futures have corn prices moving downward. However, downside movement may be limited as weather forecasts give the soggy Southern and Eastern Midwest only 3-5 days of sun before more heavy rains move in. Drastic flooding in the Mississippi Delta is also delaying seeding.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		154.04	158.06	154.91	151.36	146.46	139.29	140.27	139.81	146.50
		157.14	158.95	161.61	152.25	152.26	144.73	144.29	146.05	148.28
(Maple Leaf Sig. #4)		152.85	155.29	157.61	150.95	146.15	138.34	140.33	139.45	145.49
		155.25	156.84	158.64	153.01	150.64	143.69	143.18	143.07	146.18
Soymeal Delivered	378	380	384	400	397	390	390	390		
Corn Delivered	286	288	290							

**CONGRATULATIONS**  
**Rock Lake Colony Ltd.**  
*Winner of the April 2011 Sow and Boar Lottery*