



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, May 06, 2011

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

US Slaughter	
404,000 – Thursday's	
391,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$89.79
Western Corn Belt	\$89.24
Daily National Price	\$91.28
Daily Sig3(M.Leaf)	\$158.16
Daily Sig4(M.Leaf)	\$156.66
4-Month Fwd Avg	\$153.96
#1 Export Sows (+500lbs) \$42.00cwt	
B of C Ex. Rate (Noon) \$0.9669CAD / \$1.0342US	
Cash Prices: Week Ending May 6th, 2011	
70.79/156.06 Signature #3	
71.20/156.96 Signature #4	
70.10/154.54 MPMC Cash	
UNAVAILABLE	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 found some support by the end of this week, but are still under pressure from weaker pork product prices. Packers are being squeezed by lower values for their product but with tightening hog supplies are forced to maintain current bids, if they intend to keep their slaughter schedule the same as recent weeks. Summer month lean hog futures are trading near steady this morning, but are discounted when compared to the cash index. This is a rare occurrence at this time of year, as the trend is typically higher due to tightening hog supplies and renewed demand for pork from the summer grilling season. As a result of the current market inversion, there are limited hedging opportunities for producers at current prices. The Canadian Dollar's dip to under \$1.03 yesterday was short-lived as it regained its losses this morning to trade at better than U.S.\$1.04.

Canadian delivered soymeal prices opened lower this morning. Soybean's bearish trend is continuing as a result of weakness in crude oil and silver futures. As well, a possible increase in 2011 planted acres as farmers switch from corn to soybeans has prices moving downward. Export demand remains sluggish, with China being noticeably absent in yesterday's weekly sales, according to the USDA.

Canadian delivered corn prices opened lower this morning. A sharply higher U.S. Dollar along with favorable seeding conditions in both Iowa and Nebraska has corn prices moving downward this morning. As well, export sales were less than expected in yesterday's government report. This can be interpreted that U.S. supplies were overpriced in the world market.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		153.16 156.23	157.49 158.37	152.96 159.96	149.44 150.32	144.28 150.03	137.29 142.69	138.26 142.24	139.66 145.94	146.39 148.18
(Maple Leaf Sig. #4)		151.97 154.36	154.73 156.26	156.01 157.03	149.06 151.11	144.00 148.45	136.37 141.69	138.34 141.17	139.33 142.97	145.41 146.10
Soymeal Delivered	390	392	396	410	407	395	395	395		
Corn Delivered	285	287	289							

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