

Tuesday, May 24, 2011

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

| US Slaughter                                       |                          |
|--|--------------------------|
| 397,000  | — Monday's               |
| 349,000  | — Monday's<br>(year ago) |
| US Iowa/Sthrn MN                                   | \$89.09                  |
| Western Corn Belt                                  | \$89.23                  |
| Daily National Price                               | \$95.05                  |
| Daily Sig3(M.Leaf)                                 | \$159.22                 |
| Daily Sig4(M.Leaf)                                 | \$164.24                 |
| 4-Month Fwd Avg                                    | \$148.89                 |
| #1 Export Sows (+500lbs)                           | \$43.00cwt               |
| <b>B of C Ex. Rate (Noon)</b>                      |                          |
| \$0.9735CAD / \$1.0272US                           |                          |
| <b>Cash Prices: Week Ending<br/>May 20th, 2011</b> |                          |
| 75.25/165.89                                       | Signature #3             |
| 72.44/159.70                                       | Signature #4             |
| 73.75/162.59                                       | MPMC Cash                |
| 72.15/159.07                                       | 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 lower this morning.** Cash markets started the week sharply lower in trade yesterday, as packers are attempting to rectify their poor operating margins at the same time as pork product values plummet. Domestic consumers have balked at the record retail prices, forcing wholesalers to cut prices in order to clear inventory. Prices have dropped by more than 5% over the last couple of days, but poor margins will likely force further weakness. Lean hog futures are also factoring the current cash market drop with nearby contracts trading limit down. The June contract is now trading at a discount to the cash market, with the latest Cold Storage Report showing a 13% increase over last year providing further bearish rationale.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex is moving upward this morning as heavy rains forecasted for the next five days further delay seeding in the Midwest. According to the USDA, plantings were 41% complete as of Sunday, which is up from 22% last week, but behind the average of 51% for this time of year. As well, the crop is 12% emerged, below the average of 19%.

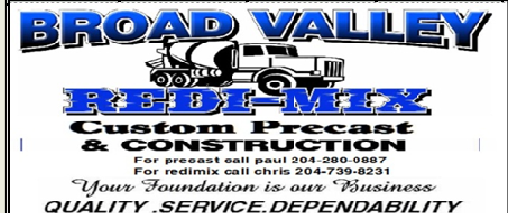
**Canadian delivered corn prices opened higher this morning.** Planting remains slow this week as soggy conditions are causing a delay. The USDA reported that seeding was 79% complete as of Sunday, which is below the five-year average of 87% for this time of year. Prices are currently 4% below the record high reached last month as domestic demand remains strong.

|   | May | Jun    | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              | Jan              | Feb              |
|---|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range<br>(Maple Leaf Sig. #3) |     | 151.52 | 151.62<br>152.52 | 149.73<br>155.12 | 146.50<br>147.50 | 141.09<br>146.95 | 135.54<br>141.04 | 136.53<br>140.59 | 136.70<br>143.02 | 143.47<br>145.28 |
| (Maple Leaf Sig. #4)                        |     | 149.50 | 149.08<br>150.65 | 151.35<br>153.61 | 146.30<br>148.39 | 140.99<br>145.53 | 134.74<br>140.15 | 138.06<br>139.63 | 136.49<br>140.16 | 142.61<br>143.31 |
| Soymeal Delivered                           |     | 407    | 411              | 426              | 424              | 406              | 406              | 406              |                  |                  |
| Corn Delivered                              | 286 | 288    | 290              |                  |                  |                  |                  |                  |                  |                  |



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