

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

| <b>US Slaughter</b>                                       |          |
|---|----------|
| 422,000 – Wednesday's                                     |          |
| 413,000 – Wednesday's<br>(year ago)                       |          |
| US Iowa/Sthrn MN  | \$88.77  |
| Western Corn Belt   | \$88.29  |
| Daily National Price                                      | \$91.08  |
| Daily Sig3(M.Leaf)  | \$157.21 |
| Daily Sig4(M.Leaf)  | \$157.04 |
| 4-Month Fwd Avg   | \$149.54 |
| #1 Export Sows (+500lbs)<br>\$43.25cwt                    |          |
| <b>B of C Ex. Rate (Noon)</b><br>\$0.9714CAD / \$1.0294US |          |
| <b>Cash Prices: Week Ending<br/>May 27th, 2011</b>        |          |
| 73.19/161.35 Signature #3                                 |          |
| 74.08/163.32 Signature #4                                 |          |
| 72.62/160.09 MPMC Cash                                    |          |
| 72.99/160.91 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*

# Hog Margin Outlook

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Thursday, June 02, 2011

**Forward contract prices opened lower this morning.** U.S. packers continue to be squeezed by the negative margins, and forced to cut back on their slaughter schedule in an attempt to recover some profitability. All of the primal cuts came under pressure yesterday, with the pork cut-out slipping \$1.70/cwt lower. Wholesalers continue to hold off on buying anything more than their needs, forcing a continuation of the lower trend. Lean hog future traders could not ignore the weaker cash market yesterday, forcing the nearby contracts down by more than \$1.00/cwt. These contracts are seeing some support this morning, but any gains will likely be contingent on signs of a stronger cash market. The Canadian Dollar is hovering near its lowest level in more than two months at just over U.S.\$1.02. The market is focused on tomorrow's release of a U.S. Employment Report that will help traders gauge the strength of the ongoing economic recovery.

**Canadian delivered soymeal prices opened higher this morning.** Soybean prices are moving higher as a result of improved planting/growing conditions in both the Midwest and Europe. The increase in prices followed two days of sharp price pressure due to news that Russia will lift its ban on grain exports beginning July 1. A private firm estimates U.S. planted soybean acres to be 74.89 million acres.

**Canadian delivered corn prices opened higher this morning.** Corn futures are trading higher this morning after a private analytical firm estimated planted acres to be 87.233 million acres, which is well below previous USDA estimates. Upside movement may be limited as warm weather allows planted crops to develop.

|   | Jun | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              | Jan              | Feb              | Mar              |
|---|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range<br>(Maple Leaf Sig. #3) |     | 151.99<br>154.24 | 149.69<br>155.09 | 146.59<br>147.49 | 141.06<br>146.92 | 135.02<br>140.52 | 136.01<br>140.07 | 136.01<br>143.25 | 142.79<br>145.96 | 141.84<br>144.10 |
| (Maple Leaf Sig. #4)                        |     | 151.28<br>152.15 | 153.14<br>154.42 | 147.62<br>148.93 | 141.84<br>146.38 | 134.94<br>140.01 | 136.95<br>139.66 | 136.53<br>140.55 | 142.83<br>144.09 | 143.22<br>144.27 |
| Soymeal Delivered                           | 409 | 414              | 423              | 421              | 409              | 413              | 413              |                  |                  |                  |
| Corn Delivered                              | 288 | 290              | 290              |                  |                  |                  |                  |                  |                  |                  |



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