



Hog Margin Outlook

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Friday, June 24, 2011

Hog Prices: ↓ Soymeal: ↑

Corn: ↑ Cdn Dollar: ↓

US Slaughter	
394,000 – Thursday's	
394,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$103.51
Western Corn Belt	\$103.03
Daily National Price	\$98.55
Daily Sig3(M.Leaf)	\$185.06
Daily Sig4(M.Leaf)	\$171.41
4-Month Fwd Avg	\$154.44
#1 Export Sows (+500lbs) \$41.00cwt	
B of C Ex. Rate (Noon) \$0.9799CAD / \$1.0205US	
Cash Prices: Week Ending June 24th, 2011	
80.47/177.41 Signature #3	
75.07/165.50 Signature #4	
78.33/172.68 H@ms 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 lower this morning. U.S. cash markets continue to shock market participants with gains this week in excess of \$8.00/cwt over the last week. Packers have been bidding the cash market higher due to tight supplies, but the pork cut-out has also been making gains, albeit not as large as cash bids. Current estimates have most packer operating margins in the red by about \$8.00 per hog, however, a market that is trending higher can narrow this spread. Lean hog futures are focused on today's release of the USDA Hogs and Pigs Report, where most analysts have projected a steady supply for the next 10 months. Should the Report show a reduction of more than 1% in the market or breeding herd, it would likely result in a further improvement in futures prices. The Canadian Dollar came under some pressure late this week as recent job data from the U.S. is leading more analysts to forecast slower economic growth in the U.S. and around the world.

Inventories on June 11	Range	Average
All hogs and pigs	99.7 - 100.9	100.1
Kept for breeding	99.0 - 100.8	100.1
Kept for market	99.7 - 100.9	100.1
Mar-May Pig Crop1	98.9 - 100.3	99.5

Canadian delivered soymeal prices opened higher this morning. The soybean complex is moving slightly upward, stabilizing after recent declines. Recoveries in corn, along with a lower U.S. Dollar are contributing support for prices. As well, traders are cautious of pushing prices lower ahead of USDA acreage and supply projections, which are to be released next week.

Canadian delivered corn prices opened higher this morning. After reaching a three-month low yesterday, corn is expected to rebound as weaker prices are increasing demand. South Korea is continuing to make purchases, booking another 55,000 tons. Also, rumors that China is looking to refill their depleted stockpiles is contributing to the bullish movement.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		168.90	157.32 165.64	153.71 154.61	148.12 154.01	140.51 146.04	141.51 145.59	140.83 148.08	147.63 150.81	146.63 148.90
(Maple Leaf Sig. #4)		164.25	160.66 162.59	153.48 155.59	148.35 152.56	139.75 145.02	141.68 144.93	140.41 144.54	146.39 148.14	144.89 148.06
Soymeal Delivered	384	384	379	381	378	385	385			
Corn Delivered	291	293	293							



Rothsay Animal Vegetable Feed Fat

\$1,005/tonne ↓ (2 – 19 mt)

To place your order call 1-866-768-4729

*Price quoted is FOB Southeast Manitoba

