



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, June 27, 2011

Hog Prices: ↓ Soymeal: ↑

Corn: ↓ Cdn Dollar: ↓

US Slaughter	
1.936 Mill. – Last Week's	
1.947 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$99.78
Western Corn Belt	\$99.56
Daily National Price	\$100.00
Daily Sig3(M.Leaf)	\$179.74
Daily Sig4(M.Leaf)	\$174.82
4-Month Fwd Avg	\$152.63
#1 Export Sows (+500lbs)	\$41.00cwt
B of C Ex. Rate (Noon)	\$0.9849CAD / \$1.0153US
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	
75.89/167.31 Hylife	

Forward contract prices opened lower this morning. U.S. cash markets are expected to start the week steady to lower compared to Friday's cash market, which experienced a \$3.00/cwt drop from Thursday. Packers have struggled to find enough live supplies for their plants without reducing production hours. However, with estimated gross margins in the red and USDA projections of only slightly better than steady hog supplies, packers will be forced to cut back their slaughter schedules. The results of Friday's Hogs and Pigs Report were well anticipated and varied only marginally from average analyst expectations. Today's market reaction is relatively minor, with the nearby contracts dropping under \$1.00/cwt.

Inventories on June 11	2010	2011
All hogs and pigs	64,650	65,000
Kept for breeding	5,788	5,803
Kept for market	58,862	59,197
Mar-May Pig Crop	28,730	28,851

Canadian delivered soymeal prices opened higher this morning. Early this morning, the USDA announced a sale of 132,000 tons of old crop supplies to China, which is contributing to the bullish movement of prices this morning. Non-threatening weather forecasts throughout the Midwest may put a cap on upside movement, as developing crops will remain unstressed. Traders are currently awaiting the USDA's Weekly Crop Progress Report.

Canadian delivered corn prices opened lower this morning. Corn futures are moving downward this morning, despite an announcement from the USDA reporting sales of 230,000 tons to unknown destinations. The price pressure is coming from excellent growing conditions across the Corn Belt, with sufficiently moist soil alleviating the risk of drought, which is typically the biggest threat at this time of year.

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

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)			156.89 162.33	153.76 154.67	148.12 154.02	142.10 147.63	143.09 147.18	144.19 151.49	151.04 154.23	149.71 151.99
(Maple Leaf Sig. #4)			159.39 160.74	153.54 155.65	148.36 152.57	141.29 146.56	143.22 146.48	143.70 147.85	149.71 151.16	147.89 151.07
Soymeal Delivered	389	389	397	398	395	395	395			
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

