



Hog Margin Outlook

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Wednesday, July 06, 2011

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

US Slaughter	
416,000 – Tuesday's	
413,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$95.62
Western Corn Belt	\$95.93
Daily National Price	\$99.61
Daily Sig3(M.Leaf)	\$168.95
Daily Sig4(M.Leaf)	\$169.88
4-Month Fwd Avg	\$149.34
#1 Export Sows (+500lbs)	\$42.75cwt
B of C Ex. Rate (Noon)	
\$0.9608CAD / \$1.0408US	
Cash Prices: Week Ending July 1st, 2011	
80.42/177.30 Signature #3	
79.28/174.79 Signature #4	
79.34/174.92 H@ms Cash	
79.43/175.11 Hylife	

Forward contract prices opened higher this morning. U.S. cash markets are down close to \$8.00/cwt from their recent highs, with the combination of a reduced slaughter schedule and still tight operating margins contributing to the weakness. Packers will have little trouble sourcing the hogs to make up for Monday's holiday, but producers are already very current with their marketings as reflected by recent live animal weights dipping under 268 lbs. Hog supplies have bottomed out for the year, but are expected to only gain 1% - 2% over the next few weeks. Futures traders continue to be cautious about adding value to the fall and winter contracts, waiting for stronger fundamental support. The Canadian Dollar is coming under some pressure on news that China increased its interest rates, while Portugal had its debt downgraded by a credit agency causing more uncertainty in Europe.

Canadian delivered soymeal prices opened lower this morning. The soybean complex is trading lower under pressure from improved crop conditions in the Midwest. The USDA increased their good to excellent rating for soybeans by 1% to 66%. As well, an agriculture consulting firm in South America raised its Brazil output forecast to 74.9 million tons, a 1.8% increase, due to amplified plantings.

Canadian delivered corn prices opened lower this morning. Strength in the U.S. Dollar, along with an improved crop outlook has corn prices moving lower this morning. The USDA increased their good to excellent rating by 1% to 69%. However, declines may be limited due to a report from the USDA confirming a 120,000 ton sale to Egypt, and a 225,000 ton sale to South Korea.

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

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		154.05 162.13	150.49 152.71	145.11 152.24	140.69 146.57	141.67 146.12	141.62 148.72	148.28 151.39	147.09 149.31	148.35 155.03
(Maple Leaf Sig. #4)		157.52 158.73	150.81 152.36	145.35 149.67	139.86 145.04	142.62 144.52	141.61 145.31	147.20 148.97	145.27 148.37	146.85 151.24
Soymeal Delivered	379	386	388	384	382	385	388			
Corn Delivered	285	287	287							



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

