



# Hog Margin Outlook

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Monday, July 11, 2011

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

US Slaughter	
1.730 Mill. – Last Week's	
1.721 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$91.94
Western Corn Belt	\$91.78
Daily National Price	\$97.03
Daily Sig3(M.Leaf)	\$161.96
Daily Sig4(M.Leaf)	\$165.80
4-Month Fwd Avg	\$154.87
#1 Export Sows (+500lbs)	\$42.75cwt
<b>B of C Ex. Rate (Noon)</b>	\$0.9627CAD / \$1.0387US
<b>Cash Prices: Week Ending July 8th, 2011</b>	
75.61/166.68 Signature #3	
76.75/169.20 Signature #4	
75.10/165.56 H@ms Cash	
75.91/167.36 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 higher this morning.** U.S. cash markets are expected to start the week with steady bids after last week's slaughter of 1.73 million hogs, where some packers trimmed their bids as much as \$5.00/cwt. Last week's slaughter will likely be one of this year's tightest, which implies from a supply standpoint, that the cash market may have already hit its peak for 2011. Meat markets have held relatively firm throughout the last month, as the pork cut-out finds the balance between strong export sales and mediocre domestic demand. Forward prices currently represent good value in the context of the current cash market and given the heavy reliance on uncertain export sales. The Canadian Dollar is providing some support to prices, as it weakens by about 75 basis points against the U.S. Dollar due to global investors looking for a safe haven in an uncertain global economy.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is moving lower this morning due to the U.S. Dollar moving sharply higher, and disappointing news regarding exports to China. As well, the European debt issue is becoming more prevalent, with Italy now becoming a problem country. Hot and dry weather in the U.S. could limit downside potential over the next few days.

**Canadian delivered corn prices opened lower this morning.** Traders are currently anticipating estimated corn stocks to increase to 1 billion bushels in tomorrow's USDA Report. The projected 46% increase from the June estimate has corn prices moving lower. However, hot weather is forecasted for the central Midwest, and if temperatures exceed 95°F for a period of several days, crops could become stressed.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		161.64 165.78	158.08 160.30	152.53 159.65	146.21 152.08	147.18 151.64	146.44 153.58	153.14 156.26	151.76 153.99	151.93 158.59
(Maple Leaf Sig. #4)		163.63 164.87	158.16 159.71	152.53 156.84	145.20 150.37	147.96 149.86	146.30 150.02	151.92 153.53	149.81 152.93	150.31 154.70
Soymeal Delivered	379	385	391	387	391	391	392			
Corn Delivered	274	274	274							

**CONGRATULATIONS**  
**Brantwood Colony Farms**  
*Winner of the June 2011 Sow and Boar Lottery*