



Hog Margin Outlook

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Monday, July 25, 2011

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

US Slaughter	
2.018 Mill. – Last Week's	
1.959 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$99.55
Western Corn Belt	\$99.36
Daily National Price	\$96.54
Daily Sig3(M.Leaf)	\$173.06
Daily Sig4(M.Leaf)	\$162.82
4-Month Fwd Avg	\$151.15
#1 Export Sows (+500lbs)	\$44.00cwt
B of C Ex. Rate (Noon)	
\$0.9502CAD / \$1.0524US	
Cash Prices: Week Ending July 22nd, 2011	
74.03/163.21 Signature #3	
72.75/160.39 Signature #4	
72.80/160.50 H@ms Cash	
72.00/158.73 Hylife	

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Forward contract prices opened higher this morning.

U.S. cash markets shot up on Friday to just shy of the \$100/cwt benchmark in some U.S. regions. Packers are unlikely to sustain these bids early this week as their operating margins moved into the red as a result of the spike in bids and weaker pork cut-out. Friday's Cold Storage report showed a 20% increase in U.S. pork inventory over June of last year, which was anticipated due to higher production levels seen in the last several months. Lean Hog futures remain optimistic about the near term trajectory of the cash market as the August contract holds a premium of about \$1.00/cwt over the current cash market. However, news from Russia that they will cut imports of pork and poultry for 2012 is weighing on the deferred months this morning. The Canadian Dollar continues to limit increases in forward prices by trading at about \$1.0550, near the top end of its trading range of the last several months.

Canadian delivered soymeal prices opened lower this morning.

The soybean complex is down sharply this morning after cool, wet weather swept through the corn belt and limited the degradation of the U.S. crop. Fall Soymeal futures have come off of their contract highs of last week, but the strong Canadian Dollar continues to prevent the increase of delivered prices.

Canadian delivered corn prices opened steady this morning.

Corn futures are trading slightly lower this morning after precipitation in key parts of the Mid-west came in heavier than anticipated. In spite of this, crop conditions reported by the USDA this afternoon are expected to decline between 2% - 4% after the heat wave of last week took its toll. The market is focused largely on weather, as is typical for this time of year. However, the U.S. debt ceiling issue is starting to creep into all markets because of the tight timeline in which U.S. legislators find themselves.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		161.32	157.85 160.02	152.33 159.29	144.03 149.77	144.99 149.34	145.77 152.79	152.35 155.42	150.77 152.96	151.59 160.80
(Maple Leaf Sig. #4)		163.69	157.14 158.65	151.55 155.76	142.34 147.39	145.03 146.89	144.89 148.55	150.42 151.78	148.46 151.52	149.60 156.99
Soymeal Delivered	387	387	393	400	394	394	404			
Corn Delivered	286	286	286							



Rothsay Animal Vegetable Feed Fat

\$1,020/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

