



Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, July 26, 2011

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

| US Slaughter | |
|---|----------|
| 395,000 – Monday's | |
| 384,000 – Monday's (year ago) | |
| US Iowa/Sthrn MN | \$98.11 |
| Western Corn Belt | \$97.57 |
| Daily National Price | \$97.72 |
| Daily Sig3(M.Leaf) | \$168.99 |
| Daily Sig4(M.Leaf) | \$163.90 |
| 4-Month Fwd Avg | \$148.01 |
| #1 Export Sows (+500lbs) \$45.00cwt | |
| B of C Ex. Rate (Noon) \$0.9449CAD / \$1.0583US | |
| 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 | |

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. The combination of the packers pulling back on their bids and the pork cut-out climbing over \$1.00/cwt in yesterday's trade took projected packer margins back into the black. Pork primal cuts destined for export markets continue to provide support to the cut-out, allowing the benchmark meat price to recover to the highs seen last month. Lean hog futures remain optimistic on the export markets for the next several months, explaining the smaller than average discount that the fall months hold to the current cash market. The Canadian Dollar continued higher in yesterday's trade as global investors grow more concerned about a possible default by the U.S. Treasury and its impact on the U.S. Dollar.

Canadian delivered soymeal prices opened higher this morning. A two percent decrease, to 62%, in crop condition ratings has soybean prices moving higher this morning. Excessive heat and limited precipitation over last week are to blame for the decline in the good to excellent rating. As well, the USDA reported that only 16% of soybeans are at the pod-filling stage, which is down from 32% last year at this time, and the five year average of 27%.

Canadian delivered corn prices opened higher this morning. Corn prices are trading slightly higher this morning after the USDA reported that 62% of the crop was rated as good to excellent, which is down 4% from last week, and 10% from last year at this time. Cooler and wetter weather is forecasted for across the Corn Belt this next week, which is expected to limit upside movement.

| | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr |
|---|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 157.18 | 153.72 155.88 | 148.49 155.44 | 141.54 147.27 | 142.49 146.84 | 145.85 152.87 | 152.43 155.51 | 150.77 152.96 | 151.59 160.80 |
| (Maple Leaf Sig. #4) | | 159.68 | 153.13 154.64 | 147.83 152.04 | 139.92 144.97 | 142.61 144.47 | 144.98 148.63 | 150.50 151.78 | 148.46 151.52 | 149.60 156.99 |
| Soymeal Delivered | 389 | 389 | 394 | 393 | 399 | 399 | 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

