



Hog Margin Outlook

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Thursday, August 11, 2011

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

US Slaughter	
408,000—Wednesday's	
407,000—Wednesday's (year ago)	
US Iowa/Sthrn MN	\$104.44
Western Corn Belt	\$104.18
Daily National Price	\$105.67
Daily Sig3(M.Leaf)	\$189.24
Daily Sig4(M.Leaf)	\$185.88
4-Month Fwd Avg	\$150.39
#1 Export Sows (+500lbs) \$54.00 cwt	
B of C Ex. Rate (Noon) \$0.9910 CAD / \$1.0090 US	
Cash Prices: Week Ending August 5th, 2011	
82.95/182.87 Signature #3	
79.47/175.19 Signature #4	
81.17/178.95 H@ms Cash	
79.70/175.71 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. U.S. cash markets are trading lower this morning as packers are entering margin preservation mode; while there is growing uncertainty in all commodity markets. The increased likelihood of another global recession is having a direct impact on both cash and futures markets, as traders grow more concerned about consumer demand in the context of the deteriorating employment numbers. Lean hog futures traded near limit down yesterday, but have recovered half of those losses this morning. Despite the safe haven status of the U.S. currency, the dollar is still relatively weak, promising strong export sales in the months to come. The Canadian Dollar has seen significant volatility in the last 2 weeks, but has had a lower bias as investors look for stable investments with limited risk.

Canadian delivered soymeal prices opened higher this morning. This morning's WASDE Report lowered soybean yield by 2 bushels per acre, to 41.3 bushels per acre. This reduction in supply sends a signal to the market that rationing demand may be required. Gold and energy markets have been supportive to the soybean market, amid global financial market anxiety.

Canadian delivered corn prices opened higher this morning.

The WASDE Report lowered the projected corn yield; from a July estimate of 158.7 down to 153 bushels per acre. The market did not anticipate a decline in yield to this degree as reflected by the 27 cent drop in nearby corn futures, in trade this morning.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		158.21 159.12	151.34 158.62	143.68 149.70	144.69 149.24	145.48 152.77	152.32 155.51	153.14 155.41	154.93 164.55
(Maple Leaf Sig. #4)		157.61 157.96	152.02 156.43	143.90 149.11	146.55 148.67	146.00 149.88	152.00 155.00	151.82 155.00	153.93 161.56
Soymeal Delivered	382	386	386	390	394	399			
Corn Delivered	292	292							

Rothsay Animal Vegetable Feed Fat

\$1,005/tonne ↓ (2 – 19 mt)

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