



# Hog Margin Outlook

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Monday, August 15, 2011

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

US Slaughter	
2.03 Mill—Last Week's	
2.05 Mill—Last Week's (year ago)	
US Iowa/Sthrn MN	\$102.64
Western Corn Belt	\$102.58
Daily National Price	\$105.58
Daily Sig3(M.Leaf)	\$185.75
Daily Sig4(M.Leaf)	\$185.14
4-Month Fwd Avg	\$150.19
#1 Export Sows (+500lbs)	\$53.50 cwt
B of C Ex. Rate (Noon)	
\$0.9879 CAD / \$1.0122 US	
Cash Prices: Week Ending August 12th, 2011	
86.09/189.80 Signature #3	
84.01/185.20 Signature #4	
84.66/186.65 H@ms Cash	
84.08/185.36 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 mixed this morning.** U.S. cash markets are called to open steady this morning, after trade finished last week lower. Last week's slaughter came in at 2.034 million hogs, slightly under year ago levels, and more consistent with the latest supply forecast by the USDA. Carcass weights appear to have stabilized from their precipitous drop caused by July's heat wave, and are now averaging at 200lbs, similar to year ago levels. Lean Hog futures are trading near steady, but are running at a huge discount to the cash market, close to \$18/cwt. This implies that futures traders believe that the cash market will drop by about 15% over the next two months. Should the US cash market hold its value due to only marginal increases in supply, the October and December contracts could be supported in the weeks ahead. The Canadian Dollar is trading about ½ cent higher, in a relatively calm day in global markets.

**Canadian delivered soymeal prices opened higher this morning.** This morning major U.S. economic numbers regarding a number of US reports indicating the general health of the economy will be released. More information on the stability of the U.S. economy assists with support for Soybeans, especially amid tighter supplies and European Debt issues. The Midwest has much needed cooler weather, but parts of Illinois and Iowa remain dry.

**Canadian delivered corn prices opened higher this morning.** USDA is expected to release the weekly export inspections report early this afternoon and crop progress report later this afternoon. Crop condition information will need to be watched closely for corn, to monitor the potential deterioration of the yields. Weekend rains left much to be desired, central Indiana to Southern Minnesota are still left with dry patches.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		159.54 160.00	152.55 159.78	143.87 149.83	144.86 149.38	145.55 152.80	152.35 155.52	153.38 155.65	154.38 163.91
(Maple Leaf Sig. #4)		159.22 159.22	153.15 157.53	144.04 149.21	146.67 148.77	146.04 149.90	152.36 155.20	152.04 155.20	153.36 160.92
Soymeal Delivered	387	391	390	397	400	405			
Corn Delivered	292	292							

## Rothsay Animal Vegetable Feed Fat

\$1,005/tonne ↓ (2 – 19 mt)

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

