

Monday, August 22, 2011

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

| <b>US Slaughter</b>                               |             |
|---|-------------|
| 2.04 Mill—Last Week's                             |             |
| 2.07 Mill—Last Week's (year ago)                  |             |
| US Iowa/Sthrn MN                                  | \$100.06    |
| Western Corn Belt                                 | \$99.22     |
| Daily National Price                              | \$103.43    |
| Daily Sig3(M.Leaf)                                | \$179.13    |
| Daily Sig4(M.Leaf)                                | \$180.83    |
| 4-Month Fwd Avg                                   | \$148.16    |
| #1 Export Sows (+500lbs)                          | \$58.50 cwt |
| <b>B of C Ex. Rate (Noon)</b>                     |             |
| \$0.9849 CAD / \$1.0153 US                        |             |
| <b>Cash Prices: Week Ending August 19th, 2011</b> |             |
| 83.43/183.93 Signature #3                         |             |
| 83.38/183.83 Signature #4                         |             |
| 82.51/181.91 H@ms Cash                            |             |
| 82.53/181.95 Hylife                               |             |

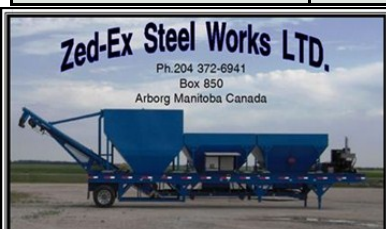
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**Forward contract prices opened mixed this morning.** U.S. cash markets are starting this week steady with packers encouraged by the stronger pork cut-out, but supplies are more abundant than they have been in months. With cooler temperatures on the horizon, hog supplies will balloon to more than 2.1 million hogs over the next three weeks, likely preventing any price rally over this timeframe. Lean Hog futures recovered some of last week's losses on Friday, where most months gained close to \$1.50/cwt. The large discount that the futures have been trading to the cash market is more difficult to rationalize with the October contracts taking the spot month position. Trade will likely be influenced by this afternoon's release of the Cold Storage Report that many will use to gauge the influence of China on the recent cash market. The Canadian Dollar continues to trade at the low end of its 3 month trading range, as it receives constant pressure from global investors choosing the safe haven of the U.S. Dollar amid the uncertainty in Europe.

**Canadian delivered soymeal prices opened higher this morning.** The weekend rains were discouraging, as it didn't rain as much as was hoped for, which continues to hold up soybean's bullish position. Luckily more rain and cooler temperatures are forecasted for Tuesday/Wednesday this week, which should relieve some crop stress. This afternoon's crop weekly update is expected to show a decrease in the soybean good to excellent rating by at least one percent. The annual Midwest crop tour will release results of the tour with crop yield and estimates Friday.

**Canadian delivered corn prices opened higher this morning.** Corn remains bullish, crop uncertainties and a weaker dollar offers support. Further price reinforcement comes from domestic cattle feedlots, the severe drought has withered the grazing land. Offsetting these gains is the weakened export demand, as customers do not agree with prices of U.S. corn much above seven dollars.

|  | Aug | Sep    | Oct    | Nov    | Dec    | Jan    | Feb    | Mar    | Apr    |
|--|-----|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) |     | 157.99 | 150.86 | 142.24 | 143.24 | 144.91 | 151.69 | 151.93 | 153.64 |
| (Maple Leaf Sig. #4)                     |     | 157.99 | 158.13 | 148.23 | 147.78 | 152.14 | 154.86 | 154.19 | 163.19 |
|  |     | 157.74 | 151.55 | 142.49 | 145.13 | 145.40 | 151.36 | 150.63 | 152.65 |
|  |     | 157.74 | 155.94 | 147.68 | 147.24 | 149.26 | 153.78 | 153.78 | 160.23 |
| Soymeal Delivered                        | 398 | 402    | 406    | 409    | 412    | 417    |        |        |        |
| Corn Delivered                           | 297 | 300    |        |        |        |        |        |        |        |



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