

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

Hog Margin Outlook

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Tuesday, August 23, 2011

Forward contract prices opened lower this morning. U.S. cash markets came under heavy pressure as packers dropped their cash bids in response to ample marketings by producers. Some cash market regions dropped by close to \$4.00/cwt, as some packers anticipate slowing demand due to increasing possibility of another recession. Estimated packer margins are running over \$22 per hog, the highest that they have hit in months. Lean Hog futures erased the gains from yesterday in early trade this morning as traders responded to a couple of reports that were released yesterday. The Cold Storage Report showed 16% more pork in storage on August 1st compared to year ago levels, however, it is likely that a large portion of this increase was destined for China in export oriented warehouses. Additionally, Statscan released its estimate of the Canadian hog herd, reflecting a 0.8% increase from last year, the first increase in 5 years.

Canadian delivered soymeal prices opened higher this morning. Soybeans are in a bullish position, as the weekly crop progress report indicates it is down two percentage points in the good to excellent rating, currently at 59%. Time to recover yield potential is diminishing; rain is required. There is a rain system moving across southern Minnesota and northern Iowa; which is, to some degree, limiting the upward movement of prices at this time.

Canadian delivered corn prices opened higher this morning. Corn is bullish, as ratings for yield are down. Supply is looking tight; U.S. Department of Agriculture's Crop Progress Report indicated the good to excellent rating is down to 57%, down three percentage points, when there was an expectation of only one to two percent. The crop tour reported Monday that the average yield in Ohio is 156.3 bushels per acre, down from last year's projection of 165.6.

US Slaughter	
418,000—Tuesday's	
407,000—Tuesday's (year ago)	
US Iowa/Sthrn MN	\$96.03
Western Corn Belt	\$95.83
Daily National Price	\$103.19
Daily Sig3(M.Leaf)	\$173.92
Daily Sig4(M.Leaf)	\$181.35
4-Month Fwd Avg	\$147.16
#1 Export Sows (+500lbs) \$59.00 cwt	
B of C Ex. Rate (Noon) \$0.9901 CAD / \$1.0099 US	
Cash Prices: Week Ending August 19th, 2011	
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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	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	
Fixed Forward Range (Maple Leaf Sig. #3)		157.79 157.79	150.79 158.05	140.99 146.98	141.98 146.52	143.00 150.26	149.81 152.98	150.93 153.20	152.13 161.68	
(Maple Leaf Sig. #4)		157.53 157.53	151.47 155.87	141.27 146.46	143.91 146.02	143.57 147.44	149.55 152.84	149.67 152.84	151.19 158.77	
Soymeal Delivered	405	411	413	419	421	425				
Corn Delivered	297	300								



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