



Hog Margin Outlook

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Thursday, August 25, 2011

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

US Slaughter	
414,000–Thursday's	
417,000–Thursday's (year ago)	
US Iowa/Sthrn MN	\$95.18
Western Corn Belt	\$95.04
Daily National Price	\$101.23
Daily Sig3(M.Leaf)	\$172.12
Daily Sig4(M.Leaf)	\$177.52
4-Month Fwd Avg	\$146.16
#1 Export Sows (+500lbs)	\$59.00 cwt
B of C Ex. Rate (Noon)	
\$0.9880 CAD / \$1.0121 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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Forward contract prices opened mixed this morning. U.S. cash markets continue to trend lower as the combination of higher carcass weights and more abundant supplies of live hogs are allowing packers to drop their bids. Average carcass weights increased by 1.5 pounds over last week, only the first week of many to follow, as weather cools and growth rates improve. The pork carcass cut-out is also coming under pressure as cuts largely destined for the domestic market such as pork bellies are seeing large declines. Over the last 10 days, pork bellies have lost \$26/cwt or approximately 20% of its value. Lean Hog futures had anticipated these declines going into the fall months, but should the cash market continue to lower at this pace, futures will also see larger losses. The Canadian Dollar is creeping higher on limited news, however a speech planned by the U.S. Fed Chairman on the possibility of another stimulus package is what market participants are focused on in the near term.

Canadian delivered soymeal prices opened lower this morning. Soybeans are slightly bearish this morning. The crop tour is still spouting disappointing yield but that seems to be offset by Indonesia plans; to lower the export tax on palm oil, down 2.5%, this will increase supply in the market. Census crush reports will be eliminated due to budget cuts; the last report came in near expectations, showing July soybean crush of 129.6 million bushels – compared to the average estimate of 129.4 million.

Canadian delivered corn prices opened lower this morning. New crop corn has rallied thirty cents from last week reflecting the tighter supply. Despite the higher prices ethanol production is up 0.56% from the prior week, and producers are still profitable even at today's high corn prices.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		155.42	148.46	140.50	141.49	142.68	149.45	150.53	152.48	166.02
		155.42	155.70	146.47	146.02	149.90	152.61	152.79	162.03	169.66
(Maple Leaf Sig. #4)		155.23	149.20	140.78	143.41	143.23	149.18	149.26	151.53	163.50
		155.23	153.58	145.95	145.52	147.08	152.41	152.41	159.10	164.56
Soymeal Delivered	407	410	412	416	420	423				
Corn Delivered	297	300								



Rothsay Animal Vegetable Feed Fat

\$945 tonne ↓ (2 – 19 mt)

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

