



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, August 26, 2011

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

US Slaughter	
413,000—Wednesday's	
412,000—Wednesday's (year ago)	
US Iowa/Sthrn MN	\$91.96
Western Corn Belt	\$91.97
Daily National Price \$100.51	
Daily Sig3(M.Leaf)	\$165.93
Daily Sig4(M.Leaf)	\$175.60
4-Month Fwd Avg	\$147.18
#1 Export Sows (+500lbs) \$59.00 cwt	
B of C Ex. Rate (Noon) \$0.9843 CAD / \$1.0159 US	
Cash Prices: Week Ending August 26th, 2011	
78.66/173.42 Signature #3	
81.15/178.90 Signature #4	
78.38/172.79 H@ms Cash	
79.69/175.69 Hylife	

Forward contract prices opened mixed this morning. Cash markets have collapsed under the pressure of more abundant hog supplies and slower than expected demand. This week's hog slaughter is expected to exceed 2.08 million hogs, and has easily met the planned slaughter schedule of U.S. packers. The combination of improved growth rates and the normal seasonal increase in hog numbers have triggered the biggest increase in pork production in months. Wholesale pork markets appear to have difficulty clearing the product as the cut-out value has dropped more than 7% of its value of the last few weeks. Typically at this time of year, ham prices provide the support to the cut-out that prevents a sharp decline, but ham prices have also been on a lower trend in part due to concerns over the future of the US economy. Lean Hog futures still hold reasonable value in the 4th Quarter, given the abrupt losses in the cash market this week. Financial markets are anticipating a speech by the Chairman of the U.S. Federal Reserve that is expected to describe the current viewpoint of the U.S. central bank on the economy and what, if anything, can be done for stimulus.

Canadian delivered soymeal prices opened lower this morning. Soybeans are still at the mercy of the weather; if the weather stays dry there is reason to believe the crops could start to yellow, meaning further pod-setting would not occur further reducing yields. The main areas of concern are; eastern Iowa, central Illinois and western Indiana, due to their extreme dry conditions. The farm tour is set to release their results today.

Canadian delivered corn prices opened lower this morning. Corn's bullish streak is still going strong, despite weak demand news. Yield information continues to support the lower supply expectations, confirmations are coming from USDA estimates and the Crop Tour. Projected yields are currently under 150, with some estimates as low as 145.

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

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		155.75	148.73	141.55	142.55	144.81	151.65	152.65	153.03	166.15
		155.75	156.00	147.55	147.09	152.10	154.84	154.93	162.57	169.79
(Maple Leaf Sig. #4)		155.57	149.48	141.82	144.46	145.35	151.35	151.35	152.06	163.62
		155.57	153.88	147.02	146.58	149.23	154.53	154.53	159.63	169.08
Soymeal Delivered	409	413	416	421	424	427				
Corn Delivered	297	300								

Rothsay Animal Vegetable Feed Fat

\$945 tonne ↓ (2 – 19 mt)

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

