



Hog Margin Outlook

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Tuesday, August 30, 2011

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

US Slaughter	
422,000—Monday's	
414,000 —Monday's (year ago)	
US Iowa/Sthrn MN	\$89.75
Western Corn Belt	\$89.78
Daily National Price	\$98.98
Daily Sig3(M.Leaf)	\$160.95
Daily Sig4(M.Leaf)	\$171.82
4-Month Fwd Avg	\$143.71
#1 Export Sows (+500lbs) \$55.50 cwt	
B of C Ex. Rate (Noon) \$0.9780 CAD / \$1.0224 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	

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Forward contract prices opened lower this morning. U.S. cash markets started the week lower as packers are still flush with live supplies after last week's increase of close to 70,000 hogs. The pork cut-out also came under pressure with abundant supplies available to wholesalers and ideas that export demand is fading. Wholesalers will need to start bidding up the ham primal for any support to be found in the cut-out. Lean Hog futures came under pressure yesterday, with cash market fundamentals taking a decidedly bearish turn over the last week. Deferred month contracts have held their value after the recent weakness as traders believe supply will unlikely grow amid corn prices pushing \$8.00/bushel. The Canadian Dollar is seeing some support from a more optimistic view on the economy.

Canadian delivered soymeal prices opened mixed this morning. Soybeans have a depreciating yield outlook as August's weather was drier than expected. Some areas, like a large portion of the central Midwest, do not have adequate soil moisture to help yield potential in the last week or two of the growing season. Further support for prices was the weekly Crop Progress Report, which illustrated that currently only 57% of the crop rated good to excellent, which is down two percent from last week.

Canadian delivered corn prices opened mixed this morning. USDA's Crop Progress Report presented a larger than expected drop in corn's good to excellent rating, down three percentage points from last week. Dry weather has accelerated the maturing process, which is cutting the growing season short. This brief denting period may cause lighter ear weights and lower yields. Despite these bullish factors, prices are lower.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		145.21 152.33	138.27 144.22	139.26 143.77	142.47 149.71	149.25 153.28	151.48 153.74	153.21 162.75	166.88 170.51
(Maple Leaf Sig. #4)		145.94 150.30	138.61 143.76	141.23 143.32	143.04 146.90	149.00 153.34	150.19 153.34	152.24 159.80	164.33 169.78
Soymeal Delivered	410	416	422	422	433				
Corn Delivered	300								

Rothsay Animal Vegetable Feed Fat

\$945 tonne ↓ (2 – 19 mt)

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