

Thursday, September 01, 2011

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

| <b>US Slaughter</b>   |          |
|---|----------|
| 415,000—Wednesday's   |          |
| 413,000 —Wednesday's<br>(year ago)                          |          |
| US Iowa/Sthrn MN  | \$85.36  |
| Western Corn Belt   | \$85.23  |
| Daily National Price \$95.45                                |          |
| Daily Sig3(M.Leaf)  | \$152.85 |
| Daily Sig4(M.Leaf)  | \$165.77 |
| 4-Month Fwd Avg   | \$141.11 |
| #1 Export Sows (+500lbs)<br>\$55.50 cwt                     |          |
| <b>B of C Ex. Rate (Noon)</b><br>\$0.9784 CAD / \$1.0220 US |          |
| <b>Cash Prices: Week Ending<br/>August 26th, 2011</b>       |          |
| 78.66/173.42 Signature #3                                   |          |
| 81.15/178.90 Signature #4                                   |          |
| 78.38/172.79 H@ms Cash                                      |          |
| 79.69/175.69 Hylife   |          |

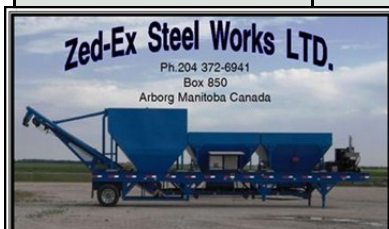
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**Forward contract prices opened lower this morning.** U.S. cash markets continue to be pressured by abundant supplies and heavier weights that have allowed packers to drop their cash bids with little consequence to their slaughter schedule. Packers have estimated margins of close to \$20/hog, and have effectively managed the transition from the characteristic tight supply of summer to the heavy supplies of the fall. Lean Hog futures have an outlook that supports a halt to the declines in the cash market, with the October contract trading at comparable levels to the current cash market. In addition to the bearish fundamentals, the emergence of weaker technicals may result in greater activity by funds as the market has not been conducive to trend trading for several weeks. The Canadian Dollar continues on a slow bullish trend, building back the premium that it lost over the U.S. Dollar about a month ago.

**Canadian delivered soymeal prices opened lower this morning.** Soybeans had rallied in its August value over 7%, this is indicative of the dry weather seen in August during the reproductive stage. At this point, unless yield estimates drop near/below 40 bushels per acre in any reports, it is hard to see another price rally occurring at that level. Highest price level since September 2008 was traded for soybeans nearby futures.

**Canadian delivered corn prices opened lower this morning.** Ethanol production, noted by the Department of Energy last week, dropped 1.7% to 888,000 barrels a day. USDA illustrated dimming export sales at 637,000 tons last week. Uncertainty on crop yield will hold up prices, however, calming demand could make the prices slightly more reasonable.

|   | Sep | Oct    | Nov    | Dec    | Jan    | Feb    | Mar    | Apr    | May    |  |
|---|-----|--------|--------|--------|--------|--------|--------|--------|--------|--|
| Fixed Forward Range<br>(Maple Leaf Sig. #3) |     | 142.47 | 135.53 | 136.52 | 140.06 | 146.79 | 148.90 | 150.21 | 163.96 |  |
|   |     | 149.64 | 141.45 | 141.00 | 147.23 | 150.70 | 151.14 | 159.65 | 167.56 |  |
| (Maple Leaf Sig. #4)                        |     | 143.34 | 135.93 | 138.54 | 140.67 | 146.57 | 147.66 | 149.29 | 161.48 |  |
|   |     | 147.68 | 141.05 | 140.62 | 144.49 | 150.79 | 150.79 | 156.77 | 166.87 |  |
| Soymeal Delivered                           | 413 | 416    | 423    | 423    | 433    |        |        |        |        |  |
| Corn Delivered                              | 300 |        |        |        |        |        |        |        |        |  |



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