



Hog Margin Outlook

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Monday, September 19, 2011

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

US Slaughter	
2.28 Mill	—Last Week's
2.17 Mill	—Last Week's (year ago)
Western Corn Belt	\$88.57
Daily National Price	\$88.24
Daily Sig3(M.Leaf)	\$159.33
Daily Sig4(M.Leaf)	\$153.71
4-Month Fwd Avg	\$144.62
#1 Export Sows (+500lbs)	\$52.50 cwt
B of C Ex. Rate (Noon)	
\$0.9814 CAD / \$1.0188 US	
Cash Prices: Week Ending September 16th, 2011	
70.88/156.26	Signature #3
69.77/153.81	Signature #4
69.70/153.65	h@ms Cash
68.11/150.15	Hylife
ISO Weans \$15-50US	
Feeder Pigs \$31-38US	

Forward contract prices opened higher this morning. U.S. packers are expected to start this week with higher cash bids, as last week's huge slaughter is evidence of the strong demand. The Federally Inspected slaughter was estimated at 2.287 million hogs, more than 5% higher than year ago levels and well above anticipated. The increase in supply has yet to make a major impact on wholesale prices, but packers will pull back on their bids if significant weakness to the cut-out materializes. Nearby Lean Hog futures rallied most of last week on support from the cash market, but losses experienced on Friday all but erased these gains. Deferred month contracts appear more stable, as they have found a relatively narrow band with a steady trend over the last several days. The Canadian Dollar is most influenced by the ongoing European debt crisis which has the effect of strengthening the U.S. Dollar at the expense of the Loonie and most other currencies.

Canadian delivered soymeal prices opened lower this morning. Seasonal price declines coupled with increased supply noted by the USDA, as well as worries about the seemingly stagnant world economy in the external financial markets should impact prices lower. USDA will release the weekly export inspection report and their weekly crop progress report today.

Canadian delivered corn prices opened mixed this morning. Weakness in energy and equity markets and strength in the U.S. dollar have weakened corn demand. Even indicators that China may purchase U.S corn, are not providing much support. Increased Chinese corn demand should be price supportive. Some price strength was seen when the FSA indicated lower harvested acres last week.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June
Fixed Forward Range (Maple Leaf Sig. #3)		147.11	136.95	137.95	139.20	150.61	153.08	153.52	165.88	164.98
		147.11	142.96	142.51	148.79	153.81	154.45	162.09	169.94	170.84
(Maple Leaf Sig. #4)		149.07	138.97	141.61	142.93	151.06	152.74	152.86	162.47	165.79
		149.07	143.91	143.55	147.88	152.74	154.69	159.32	168.06	169.63
Soymeal Delivered	379	382	388	388	398					
Corn Delivered	292	280								

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