



# Hog Margin Outlook

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Friday, June 12, 2009

**Hog Prices:** ↓

**Soymeal:** ↔

**Corn:** ↓

**Cdn Dollar:** ↑

**Manitoba Pork Marketing's forward contract prices opened lower this morning.** US cash mar-

kets are finishing the week steady as poor pork demand is being off-

set by live hog supplies dropping to near their lowest level for the year. Domestic pork demand has been under significant pressure for a number of months as the economic recession has caused a pullback in consumer spending and increased competition from beef at the retail meat counter. Earlier this week, July Pork Belly futures dropped to its lowest level in 7 years, another indicator of the weaker demand. However, there are indications of a faster pace to the sow slaughter, which could lead to tighter supplies by the second quarter of next year. Forward contract prices recovered some of the early week losses after yesterday's sharp rally, but the stronger Canadian Dollar tempered some of these gains.

## Weekly Comparison

WCB Cash (cwt)	- \$0.93
ISM Cash (cwt)	- \$0.78
Forward Prices (ckg)	- \$4-8
CDN Dollar (Per US\$)	- 0.0017

**Canadian delivered soymeal prices opened steady this morning.** Soybeans traded marginally lower in the overnight

session, as a higher US Dollar provided resistance to the continuation of yesterday's rally. Some relief could be seen today due to increased selling ahead of the weekend, though a lower Canadian Dollar (around \$0.89US at open) is likely to largely negate any possible benefits of this mild retreat.

**Canadian delivered corn prices opened lower this morning.** Corn traded lower overnight as oil took on a bearish

tone and erased the gains it made yesterday. Temperatures remain below seasonal for the bulk of the Corn Belt, with scattered showers expected through the weekend. The cash price is sitting roughly \$2/MT lower than a week ago.

<b>US Slaughter</b>
408,000—Thursday's
395,000—Thursday's (Year Ago)
US Iowa/Southern MN \$55.34
Western Corn Belt \$55.40
Daily Sig #3 Est. (M.Leaf) \$111.52
<b>B of C Ex. Rate (Noon)</b> \$1.0982 CAD / \$0.9106 US
<b>Cash Price (\$/cwt/ckg)</b> Cash prices for week ending June 12th, 2009
51.02 / 112.48 Signature #3
49.66/ 109.48 MPMC Cash
47.50 / 104.72 Springhill

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	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range		114.04	114.18	109.31	108.25	106.34	105.52	116.55	127.58
(Maple Leaf Sig. #3)		-	-	-	-	-	-	-	-
		116.19	117.20	114.34	113.38	111.37	115.55	126.58	131.09
Estimated Hog Margin	-20.16	-22.63	-22.57	-23.81	-20.11	-16.56	-9.55	0.40	4.52
Soymeal Delivered	546	553	571	578	436	436	436	438	438
Corn Delivered	193	195	197	199	195				



**Rothsay Animal Vegetable Feed Fat**

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