

# Hog Margin Outlook

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Monday, January 04, 2010

**Forward contract prices opened lower this morning.** US cash markets are starting the week steady as packers are eager to secure a large kill this week in order to make up for the last two weeks of reduced production. Producers are also content with steady bids as they are typically behind on their normal delivery schedule after fewer marketings over the holidays. Lean Hog futures will continue to see influence from last week's Hogs and Pigs Report, as there was limited activity on the day following the Report due to the influence of the holiday. Deferred month forward prices could see weakness due to the discrepancies between the expectations and USDA estimates for the pig crop (+1.5%) and farrowing intentions (+1.3%). The Canadian Dollar is starting the year higher, but is seeing significant fluctuations as there has been no substantial trade for 5 days.

**Canadian delivered soymeal prices opened lower this morning.** A weaker US Dollar and support from outside markets helped soybeans trade sharply higher overnight, continuing the rally from last week. A 10 month average for delivered soymeal is now sitting at roughly \$380/MT, up from mid-December even with help from a stronger Canadian Dollar.

**Canadian delivered corn prices opened higher this morning.** Corn futures pushed higher overnight, with strength coming from rallying crude oil prices (which are sitting above \$81US). Areas of the US Corn Belt that still have a large portion of the crop left to harvest saw little active weather last week, but snow in the fields and bitterly cold temperatures likely limited activity.

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

US Slaughter	
374,000—Thursday's	
N/A—Thursday's (Year Ago)	
US Iowa/Sthrn MN	\$63.73
Western Corn Belt	\$63.89
Daily National Price	\$63.81
Daily Sig3(M.Leaf)	\$122.57
Daily Sig4(M.Leaf)	\$118.55
4-Month Fwd Avg	\$128.72
#1 Export Sows (+500lbs) \$32.75/cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0466 CAD / \$0.9555 US	
<b>Cash Price (\$/cwt/ckg)</b> Cash prices for week ending January 01st, 2010	
53.58 / 118.13 Signature #3	
52.98 / 116.80 Signature #4	
51.50 / 113.54 MPMC Cash	
49.19 / 108.44 Springhill	

*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 without the consent of the author.*

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		119.62	120.97	125.76	137.26	139.89	139.61	135.67	126.57
		-	-	-	-	-	-	-	-
		123.43	123.43	132.47	141.10	144.45	140.56	138.65	129.04
Estimated Hog Margin	0.09	3.47	5.10	9.62	17.14	18.73	17.37	14.52	8.68
Soymeal Delivered	397	389	389	377	377	380	380	375	370
Corn Delivered	177	179	181	183	185	187	189	191	193



## Rothsay Animal Vegetable Feed Fat

**\$563/tonne ↑ (2 – 19 mt)**

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

\*Price quoted is FOB Southeast Manitoba

