

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, January 06, 2010

Forward contract prices opened higher this morning.

Cash markets are defying normal seasonal trends by gaining strength in the first full production week back after the holidays. Contributing to the higher trend is cold and snowy conditions that are slowing some deliveries. However, it is apparent that we are not dealing with the normal backlog of live hog supplies that typically would be the case at this time of year, as packers are short and forced to compete for supplies. Lean Hog futures are factoring in these influences, with the February contract gaining almost \$2.00/cwt yesterday. The summer month contracts hit new contract highs yesterday, reflecting the impressive demand that the complex has demonstrated. However, the Canadian Dollar has also traded higher recently, limiting gains in our forward contract prices. *Congratulations to Canam Genetics, the December winner of MPMC's monthly sow & boar prize draw!*

Canadian delivered soymeal prices opened steady this morning. Soybean futures traded relatively flat overnight after making moderate gains yesterday. Influential news remains light for the soybean complex, but a slightly stronger US Dollar should provide resistance to the recent mild bullish tone. A 10-month average is now sitting at roughly \$377/MT.

Canadian delivered corn prices opened steady this morning. The US Midwest is expected to see stormy weather for the next few days, which is supporting corn futures as it could lead to decreased farmer deliveries. Weather concerns and recent strength in crude oil pricing is helping corn futures resist the bearish influence of negative outside markets.

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

US Slaughter	
428,000—Tuesday's	
440,000—Tuesday's (Year Ago)	
US Iowa/Sthrn MN	\$66.26
Western Corn Belt	\$66.07
Daily National Price	\$65.76
Daily Sig3(M.Leaf)	\$125.61
Daily Sig4(M.Leaf)	\$121.07
4-Month Fwd Avg	\$130.03
#1 Export Sows (+500lbs) \$31.25/cwt	
B of C Ex. Rate (Noon) \$1.0372 CAD / \$0.9641 US	
Cash Price (\$/cwt/ckg) Cash prices for week ending January 1st, 2010	
53.58 / 118.13 Signature #3	
52.98 / 116.80 Signature #4	
51.50 / 113.54 MPMC Cash	
49.19 / 108.44 Springhill	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		121.18	122.06	126.82	138.45	140.15	139.35	135.16	126.10
		-	-	-	-	-	-	-	-
		124.98	124.98	133.69	142.26	145.60	140.63	138.40	128.58
Estimated Hog Margin	0.09	3.47	5.10	9.62	17.14	18.73	17.37	14.52	8.68
Soymeal Delivered	396	383	383	375	375	376	376	374	369
Corn Delivered	171	173	175	177	179	181	183	185	187



Rothsay Animal Vegetable Feed Fat

\$538/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

