

# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, February 04, 2010

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

US Slaughter	
426,000-Wednesday's	
431,000-Wednesday's (year ago)	
US Iowa/Sthrn MN	\$63.52
Western Corn Belt	\$64.00
Daily National Price	\$66.63
Daily Sig3(M.Leaf)	\$124.46
Daily Sig4(M.Leaf)	\$125.47
4-Month Fwd Avg	\$130.67
#1 Export Sows (+500lbs)	\$37.90/cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0609CAD / \$0.9426 US	
<b>Cash Price (\$/cwt/ckg)</b>	
Cash prices for week ending January 29th, 2010	
57.47 / 126.69	Signature #3
59.83 / 131.90	Signature #4
56.75 / 125.11	MPMC Cash
54.14 / 119.35	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.*

**Forward contract prices opened higher this morning.** US cash markets are moving higher, but the pork cut-out experienced a sharp decline that could have packers pull back on their cash bids for a Saturday kill. There was widespread weakness in all of the pork cuts, resulting in a drop in estimated packer margins to near \$7.00/hog. When fixed and variable costs are included, this is near a breakeven for those packers that sell fresh pork. Lean Hog futures have come under pressure due to the weaker pork cut-out. However, it is important to note that all of the major primal cuts are still trading well above last year's levels, with hams up nearly 40%. A recent poll had currency analysts suggesting that the Canadian Dollar would lose the volatility and move higher based on improved economic growth and the prospect of lower interest rates.

**Canadian delivered soymeal prices opened lower this morning.** US soymeal markets have been under pressure with a stronger US Dollar slowing export interest in soybeans. Independent forecasters have increased their estimate of the South American soybean crop, which also had a bearish impact on the market. Cash soymeal prices are now trading down \$15 /tonne from last week and more than \$30/tonne from last month.

**Canadian delivered corn prices opened lower this morning.** Hedge funds were heavy sellers yesterday, the largest factor in the declines, but overnight gains had the corn market recover a portion of its value. Technical indicators still reflect a lower trending market, as do most of the fundamental factors.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		115.89	120.76	135.36	138.76	138.34	133.93	122.73	118.91
		-	-	-	-	-	-	-	-
		119.33	130.49	139.74	142.65	138.89	136.94	125.25	123.78
Estimated Hog Margin	7.57	5.11	9.83	17.32	19.78	18.48	15.95	9.09	6.39
Soymeal Delivered	351/348	345	340	340	338	338	337	335	333
Corn Delivered	154	156	158	160	162	164	166	167	169



**Rothsay Animal Vegetable Feed Fat**

**\$518/tonne ↓ (2 – 19 mt)**

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