

# Hog Margin Outlook

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Tuesday, February 23, 2010

**Forward contract prices opened lower this morning.** US cash markets continue with slow price swings up and down as packers attempt to reconcile demand with the available supply. Wholesale pork prices made reasonable gains and should continue to improve with influence from firming prices for hams while wholesalers attempt to increase their inventory before the higher Easter demand. Yesterday's release of the Cold Storage Report revealed an 18% drop in pork inventory, an indication that demand remains strong for most products. Lean Hog futures are seeing strength as the results of the Report were more bullish than most analysts forecasted. Fall months are seeing little to no impact from the Report as traders are apprehensive to factor in further improvements in demand. The stronger Canadian Dollar has diminished the impact of higher hog futures due to recent gains in commodity markets.

**Canadian delivered soymeal prices opened higher this morning.** Concerns about high soil moisture levels in Argentina helped the soy complex trade substantially higher yesterday. These gains are likely to be short-lived, with rain not included in Argentina's forecast for the remainder of the week. The 9-month average for soymeal is now at \$350/MT.

**Canadian delivered corn prices opened higher this morning.** Corn futures saw a sharp rally yesterday, supported by heavy fund buying and planting concerns. Yesterday's announcement by the National Weather Service that areas of the US Corn Belt are expected to see spring flooding helped solidify a bullish tone for the day. Moderate losses for corn this morning are helping to limit gains for the cash price.

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

US Slaughter	
425,000—Monday's	
423,000—Monday's (year ago)	
US Iowa/Sthrn MN	\$66.08
Western Corn Belt	\$66.28
Daily National Price	\$67.74
Daily Sig3(M.Leaf)	\$126.69
Daily Sig4(M.Leaf)	\$125.38
4-Month Fwd Avg	\$138.20
#1 Export Sows (+500lbs) \$52.00/cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0428 CAD / \$0.9590 US	
<b>Cash Price (\$/cwt/ckg)</b> Cash prices for week ending February 19th, 2010	
56.03 / 123.53 Signature #3	
56.85 / 125.34 Signature #4	
55.13 / 121.53 MPMC Cash	
52.95 / 116.73 Springhill	

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	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		118.86	123.64	138.91	142.26	143.34	139.23	128.25	122.80
			-	-	-	-	-	-	-
			134.14	143.21	147.35	144.00	142.38	130.94	129.50
Estimated Hog Margin	6.05	4.43	11.00	19.44	21.88	20.76	18.44	11.82	8.98
Soymeal Delivered	365	365	353	353	347	347	346	341	336
Corn Delivered	156	158	160	162	164	166	168	170	172



## Rothsay Animal Vegetable Feed Fat

**\$528/tonne ↑ (2 – 19 mt)**

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

\*Price quoted is FOB Southeast Manitoba

