

# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, March 04, 2010

**Forward contract prices opened higher this morning.** All factors seem to be in favour of higher US cash prices, with live supplies remaining tight, wholesale pork prices making gains, and packer margins that are profitable. The pork cut-out gained \$1.39 yesterday, taking the benchmark pork price to the highest level in more than a month. Lean Hog futures rallied to contract highs yesterday, but are seeing slight weakness in the summer and fall months with influence from lower cattle markets. Futures traders are hesitant to add to the premium that the summer months hold over the current cash market as there is still great uncertainty in both supply and demand for pork. The Canadian Dollar is seeing slight weakness today, but the higher trend is still intact.

**Canadian delivered soymeal prices opened lower this morning.** Soybeans traded mixed yesterday, but were sharply lower in the overnight session. The soy complex is likely to move lower again today, with USDA's Export Sales Report showing soybean sales setting a marketing year low. This bearish tone coupled with a Canadian Dollar above \$0.97 US this morning is pushing the 9-month delivered average to a new low (\$331/MT).

**Canadian delivered corn prices opened steady this morning.** Export sales came in above expectations, up 90% from last week—which could add some support this morning. A warming trend expected through much of the US Corn Belt this weekend should help some farmers move closer to wrapping up the remaining 5% of 2009 corn still in the field—though wet conditions could still be a barrier.

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

| US Slaughter   |          |
|--|----------|
| 417,000—Wednesday's  |          |
| 432,000—Wednesday's<br>(year ago)  |          |
| US Iowa/Sthrn MN   | \$70.37  |
| Western Corn Belt  | \$70.63  |
| Daily National Price   | \$71.12  |
| Daily Sig3(M.Leaf)   | \$133.18 |
| Daily Sig4(M.Leaf)   | \$129.86 |
| 4-Month Fwd Avg  | \$144.32 |
| #1 Export Sows (+500lbs)<br>\$52.00/cwt  |          |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0287 CAD / \$0.9721 US                          |          |
| <b>Cash Price (\$/cwt/ckg)</b><br>Cash prices for week ending<br>February 26th, 2010 |          |
| 58.60 / 129.20 Signature #3  |          |
| 57.65 / 127.09 Signature #4  |          |
| 57.24 / 126.20 MPMC Cash   |          |
| 55.20 / 121.70 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.*

|   | Mar  | Apr    | May    | Jun    | Jul    | Aug    | Sep    | Oct    | Nov    |
|---|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range<br>(Maple Leaf Sig. #3) |      | 129.38 | 143.37 | 146.68 | 148.19 | 142.89 | 132.02 | 126.20 | 118.63 |
|   |      | -      | -      | -      | -      | -      | -      | -      | -      |
|   |      | 138.64 | 147.62 | 151.88 | 148.66 | 147.24 | 134.53 | 133.11 | 126.20 |
| Estimated Hog Margin                        | 4.43 | 11.00  | 19.44  | 21.88  | 20.76  | 18.44  | 11.82  | 8.98   | 4.77   |
| Soymeal Delivered                           | 333  | 329    | 329    | 332    | 330    | 336    | 334    | 326    | 319    |
| Corn Delivered                              | 159  | 161    | 163    | 165    | 167    | 169    | 171    | 173    | 169    |

## 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

