

# Hog Margin Outlook

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Tuesday, March 09, 2010

**Forward contract prices opened lower this morning.** Gross packer margins shrunk significantly yesterday with weaker wholesale pork prices moving in the opposite direction of cash bids. Cash prices are running about 15% higher than this time last year, with comparable supplies available to packers. Lean Hog futures have seen some weakness, despite news that US plants have been reapproved for export sales to Russia. The decision was largely expected by the trade, and the focus remains on cash market fundamentals. The Canadian Dollar rallied to the highest level in 2 months yesterday, and is approaching the highest in the past year. Economic indicators such as GDP growth, have been supportive to the Loonie when compared to most other developed country currencies.

**Canadian delivered soymeal prices opened lower this morning.** A stronger US Dollar overnight helped push soybeans lower after trading moderately higher yesterday. Forecasted weather for South America this week looks favourable for steady harvest progression. Brazil's crop forecasting unit, Conab, has upped it's production estimates this morning to 67.6 million MT—this is 1.6 million MT above USDA's most recent estimate for Brazil.

**Canadian delivered corn prices opened lower this morning.** After trading flat yesterday, corn went on to trade lower overnight—stemming from weakness in energy markets along with the stronger US Dollar. Conab estimates for corn remain relatively unchanged from the previous release. Much of the US Corn Belt is forecasted to see rain this week, with already high soil moisture levels keeping the possibility of delayed plantings as an underlying bullish influence.

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

US Slaughter	
414,000—Monday's	
419,000—Monday's (year ago)	
US Iowa/Sthrn MN	\$73.53
Western Corn Belt	\$73.51
Daily National Price	\$72.78
Daily Sig3(M.Leaf)	\$138.60
Daily Sig4(M.Leaf)	\$132.88
4-Month Fwd Avg	\$142.90
#1 Export Sows (+500lbs) \$48.00/cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0286 CAD / \$0.9722 US	
<b>Cash Price (\$/cwt/kg)</b> Cash prices for week ending March 5th, 2010	
60.75 / 133.92 Signature #3	
58.94 / 129.93 Signature #4	
58.94 / 129.93 MPMC Cash	
57.97 / 127.80 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 (Maple Leaf Sig. #3)		129.04	140.34	143.64	146.16	141.54	130.71	125.10	117.55
		-	-	-	-	-	-	-	-
		135.63	144.58	149.46	147.10	145.69	133.21	131.80	125.10
Estimated Hog Margin	11.27	13.81	22.22	24.85	22.51	21.78	14.61	11.59	7.11
Soymeal Delivered	322	319	319	320	321	328	323	316	311
Corn Delivered	152	154	156	158	160	162	164	166	164

## 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

