

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, March 11, 2010

Forward contract prices opened higher this morning. US cash prices are coming under pressure largely due to the impact that lower product values have had on packer margins. Yesterday's wholesale pork trade had all cuts down, resulting in a drop of about \$0.70/cwt to the carcass cut-out. The Tyson hog plant is still not back running after a fire late last week, providing packers with slightly more abundant supplies. Lean Hog futures are dropping from their recent highs as cash market trends are having a direct influence on the nearby contracts. The USDA released its most recent projection on supply and demand for pork, the results of which are a slight reduction in projected supply and a slight increase in exports, factors that would have a positive impact on the 2010 prices.

Canadian delivered soymeal prices opened lower this morning. The soy complex saw a moderate rally yesterday, stemming from news of decreased US ending stocks, though part of these gains were erased overnight. Concerns of rising inflation in China are weighing on commodity markets this morning, with fear that this CPI jump could result in reined in spending—reinforcing a bearish tone for the market.

Canadian delivered corn prices opened lower this morning. Corn continued its losses from yesterday into the overnight session. This morning's USDA Export Sales Report showed corn sales came in sharply lower than traders' expectations—down 56% from last week. This disappointing sales report is helping corn maintain yesterday's bearish tone and pushing the cash price lower.

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

US Slaughter	
415,000—Wednesday's	
427,000—Wednesday's (year ago)	
US Iowa/Sthrn MN	\$73.39
Western Corn Belt	\$73.30
Daily National Price	\$74.19
Daily Sig3(M.Leaf)	\$137.62
Daily Sig4(M.Leaf)	\$134.89
4-Month Fwd Avg	\$141.79
#1 Export Sows (+500lbs) \$48.00/cwt	
B of C Ex. Rate (Noon) \$1.0243 CAD / \$0.9763 US	
Cash Prices: 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	

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	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range: (Maple Leaf Sig. #3)		128.24	139.51	142.79	144.65	140.36	129.53	123.81	116.27
		134.81	143.73	147.94	145.68	144.27	131.94	130.53	123.81
(Maple Leaf Sig. #4)		126.82	135.00	140.46	142.81	137.65	130.18	123.99	116.88
		131.73	139.19	144.08	143.35	143.17	134.19	129.50	122.72
Estimated Hog Margin	11.27	13.81	22.22	24.85	22.51	21.78	14.61	11.59	7.11
Soymeal Delivered	323	319	319	319	320	326	325	316	308
Corn Delivered	149	151	153	155	157	159	161	163	161

Rothsay Animal Vegetable Feed Fat

\$603/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

