

Hog Margin Outlook

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Monday, March 15, 2010

Forward contract prices opened lower this morning. US cash markets are expected to start the week steady to slightly lower as last week's reduced slaughter has producers slightly behind on their marketings, and packers attempting to improve their operating margins. Cash bids dropped by 4% late last week, but could see support by mid-week. Lean Hog futures are seeing slightly firmer trade when compared to the cash market, as traders remain optimistic about the summer months. Last week's release of January pork exports was somewhat disappointing, dropping about 4% from year ago levels. However, Mexico continued to increase its consumption of US pork—specifically packaged and processed pork that experienced growth of more than 300%.

Canadian delivered soymeal prices opened lower this morning. After seeing moderate losses on Friday, soy futures went on to trade flat overnight. Steady harvest progress for South America remains the greatest influence on the bearish tone for the soy complex. An April to December delivered average is now sitting at \$312/MT.

Canadian delivered corn prices opened lower this morning. Corn continued its losses from Friday into the overnight session, with help from a higher US Dollar. Recent weakness in crude oil pricing is helping to further amplify this bearish tone. The Canadian Dollar remains relatively unchanged from Friday's close, trading around \$0.9810 US this morning.

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

US Slaughter	
2.048 Mill—Last Week's	
2.093 Mill—Last Week's (year ago)	
US Iowa/Sthrn MN	\$70.34
Western Corn Belt	\$70.45
Daily National Price	\$74.24
Daily Sig3(M.Leaf)	\$131.55
Daily Sig4(M.Leaf)	\$134.23
4-Month Fwd Avg	\$140.90
#1 Export Sows (+500lbs)	\$48.00/cwt
B of C Ex. Rate (Noon)	
\$1.0187 CAD / \$0.9816 US	
Cash Prices: Week Ending March 12th, 2010	
62.24 / 137.21 Signature #3	
60.75 / 133.94 Signature #4	
60.75 / 133.94 MPMC Cash	
59.19 / 130.50 Springhill	

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	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range: (Maple Leaf Sig. #3)		127.01 133.55	138.22 142.42	141.49 146.30	142.01 143.04	137.91 141.08	127.18 129.65	123.25 128.25	115.77 123.25
(Maple Leaf Sig. #4)		125.65 130.50	133.76 137.92	139.18 142.49	139.69 141.77	135.26 140.05	127.85 131.83	123.42 127.27	116.36 122.15
Estimated Hog Margin	11.27	13.81	22.22	24.85	22.51	21.78	14.61	11.59	7.11
Soymeal Delivered	317	313	313	317	316	319	315	308	302
Corn Delivered	148	150	152	154	156	158	160	162	160

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

