

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, March 19, 2010

Forward contract prices opened higher this morning. US cash markets are finishing the week lower with significant volatility in the pork cut-out market preventing further strength in packer bids. Yesterday, the pork cut-out lost everything it gained earlier this week, losing \$2.00/cwt based largely on a collapsing price for hams. Lean Hog futures were able to buck the lower cash market trend, gaining more than a US\$1.00/cwt in all of the summer month contracts. The Canadian Dollar touched on its highest level in 20 months, resulting in a \$2.00/ckg impact on forward prices. Forward prices still represent fair value given the uncertainty related to both supply and demand. Producers should consider pricing up to 25% of summer and fall production at current prices and setting targets at \$5.00/ckg price increments.

<u>Weekly Comparison</u>	
WCB Cash (cwt)	- \$2.97
ISM Cash (cwt)	- \$2.82
Forward Prices (ckg)	+ \$0-2
§CDN Dollar (Per US\$)	+ 0.0121

Canadian delivered soymeal prices opened higher this morning. Soybeans saw losses early in the day yesterday but went on to close moderately higher. Stronger than anticipated inflation data from Statistics Canada this morning is adding further strength to the Loonie. An April-December average has jumped considerably this week, up \$17/MT to \$329/MT.

Canadian delivered corn prices opened lower this morning. Corn traded marginally higher on Thursday but those losses were quickly erased overnight, with pressure coming from negative outside markets and a higher US Dollar. The long range weather outlook for the US Corn Belt remains mixed, with southern regions expecting to see cooler temps and further north forecasted to see above average temps.

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

US Slaughter	
423,000—Thursday's	
426,000—Thursday's (year ago)	
US Iowa/Sthrn MN	\$68.69
Western Corn Belt	\$68.69
Daily National Price	\$71.96
Daily Sig3(M.Leaf)	\$127.66
Daily Sig4(M.Leaf)	\$129.50
4-Month Fwd Avg	\$144.64
#1 Export Sows (+500lbs)	\$43.05/cwt
B of C Ex. Rate (Noon)	
\$1.0139 CAD / \$0.9863 US	
Cash Prices: Week Ending March 19th, 2010	
58.46 / 128.87 Signature #3	
59.91 / 132.07 Signature #4	
57.80 / 127.42 MPMC Cash	
55.49 / 122.33 Springhill	

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	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range: (Maple Leaf Sig. #3)		130.43 136.94	141.59 145.77	144.84 149.34	145.71 147.01	139.49 144.79	128.81 131.32	123.88 129.93	116.44 123.88
(Maple Leaf Sig. #4)		128.56 133.60	137.02 140.80	142.06 145.60	142.90 145.24	136.79 143.26	129.23 133.37	123.83 128.70	116.99 122.57
Estimated Hog Margin	12.60	14.83	21.91	24.33	23.27	20.62	13.37	10.51	6.20
Soymeal Delivered	337	334	334	331	331	340	338	315	315
Corn Delivered	146	148	150	152	154	156	158	160	158

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

