

Hog Margin Outlook

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Tuesday, March 23, 2010

Forward contract prices opened lower this morning.

Packers started the week with lower bids despite expectations among analysts that they would improve their cash bids in order to secure their current production schedule while hog supplies are shrinking. Packer margins have improved over last week's levels, however, wholesale pork prices continue to be unpredictable. Yesterday, the USDA published their most recent Cold Storage Report, which showed that supplies of pork were down 17% from year ago levels. Analysts had expected to see shrinking supplies due to lower pork production, but the magnitude of the drop beat expectations. This is an indicator that demand continues to perform well, despite the sluggish economic growth in the US.

Canadian delivered soymeal prices opened higher this morning.

The soy complex rallied yesterday, supported by stronger than expected results from Monday's USDA Export Inspections Report. News remains light for soybeans so far this week, with the majority of influence coming from speculation of logistical issues in South America or weather complications in the US.

Canadian delivered corn prices opened lower this morning.

Corn futures saw moderate losses yesterday, pushed by a stronger US Dollar and weakness in energy markets. Export inspections were up roughly 7% from the previous week. The Loonie is trading slightly up from yesterday's open, trading around \$0.9825US this morning. New influences on corn futures remain limited, with traders waiting for next week's USDA Planting Intentions Report.

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

US Slaughter	
418,000—Monday's	
422,000—Monday's (year ago)	
US Iowa/Sthrn MN	\$68.10
Western Corn Belt	\$68.13
Daily National Price	\$71.33
Daily Sig3(M.Leaf)	\$127.29
Daily Sig4(M.Leaf)	\$129.05
4-Month Fwd Avg	\$146.08
#1 Export Sows (+500lbs) \$47.50/cwt	
B of C Ex. Rate (Noon)	
\$1.0193 CAD / \$0.9811 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)		137.69	142.37 146.57	145.64 150.73	146.99 148.39	140.91 146.06	130.16 132.66	124.89 131.26	117.40 124.89
(Maple Leaf Sig. #4)		134.33	137.77 141.57	142.84 146.96	144.15 146.60	138.18 144.51	130.57 134.74	124.84 130.01	117.95 123.57
Estimated Hog Margin	12.60	14.83	21.91	24.33	23.27	20.62	13.37	10.51	6.20
Soymeal Delivered	344	340	340	340	340	347	345	319	319
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

