

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, March 24, 2010

Forward contract prices opened lower this morning.

Cash bids are trending lower, as wholesale pork prices are applying pressure to packer operating margins. Ample supplies of live hogs are also contributing to the lower bids, with this week's hog slaughter likely to come in near last year's levels. Lean Hog futures are also seeing weakness so far this week, after most of the summer month contracts touched life of contract highs on Friday. Traders are preparing for the results of Friday's Hogs and Pigs Report, which could provide some explanation for the recent surge in hog supplies with the heavy weight categories. Also of interest is the breeding herd and pig crop numbers, which will shed some light on supplies coming at the end of this year.

Canadian delivered soymeal prices opened lower this morning.

Soybeans closed slightly lower yesterday and continued to see losses in the overnight session fuelled by a higher US Dollar. The Canadian Dollar is back below \$0.9775US this morning, decreasing purchasing power. An April to December average is now sitting at \$332/MT, up roughly \$5/MT from one week ago.

Canadian delivered corn prices opened steady this morning.

Corn futures traded lower yesterday and in the overnight session. Weakness in crude oil is adding to corn's bearish tone this morning, with crude trading around \$80 a barrel. Major US corn growing areas have seen less precipitation than expected, helping to at least temporarily ease planting concerns.

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

US Slaughter	
428,000—Tuesday's	
428,000—Tuesday's (year ago)	
US Iowa/Sthrn MN	\$67.75
Western Corn Belt	\$67.81
Daily National Price	\$70.90
Daily Sig3(M.Leaf)	\$126.51
Daily Sig4(M.Leaf)	\$128.09
4-Month Fwd Avg	\$144.77
#1 Export Sows (+500lbs) \$47.50/cwt	
B of C Ex. Rate (Noon)	
\$1.0178CAD / \$0.9825 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)		136.35	141.01 145.21	144.28 149.31	145.82 146.98	139.94 144.89	129.22 131.70	123.94 130.29	116.47 123.94
(Maple Leaf Sig. #4)		133.03	136.46 140.26	141.52 145.58	143.02 145.22	137.23 143.38	129.65 133.80	123.91 129.07	117.04 122.65
Estimated Hog Margin	12.60	14.83	21.91	24.33	23.27	20.62	13.37	10.51	6.20
Soymeal Delivered	340	337	337	335	335	348	341	316	313
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

