

# Hog Margin Outlook

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Monday, March 29, 2010

**Forward contract prices opened higher this morning.** US cash hog prices are opening the week slightly lower as last week's drop in the pork cut-out still has packers hesitant to chase hogs with higher bids. Wholesale pork prices have been under pressure after supplies have become more abundant the last few weeks. Summer month Lean Hog futures jumped to limit up (+\$3.00/cwt) this morning in response to Friday's Hogs and Pigs Report. Predictably, the forecast for a 4% drop in market hog supplies in July resulted in the decisive move higher. The Canadian Dollar is appreciating against the US Dollar this morning. This week, currency traders are anticipating a Report on Canada's economic growth. This could be a major factor in whether or not the Bank of Canada will raise interest rates sooner than the US Federal reserve, resulting in a stronger dollar.

**Canadian delivered soymeal prices opened higher this morning.** Soymeal markets were pressured heavily by a stronger US Dollar last week, as it rallied to 11 month highs against most other currencies. As the US Dollar strengthens, so does the value of the soybeans that are exported, making them less competitive in the world market. Dry weather is expected to continue for at least another week for most of South America, helping with harvest progress.

**Canadian delivered corn prices opened higher this morning.** Corn futures are being influenced higher this morning from a stronger crude oil market and a weaker US Dollar. News of the shrinking hog herd confirmed by Friday's Report is causing a bearish bias in the market as domestic feed use will drop by more than was expected.

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

US Slaughter	
2.136 Mill—Last Week's	
2.102 Mill—Last Week's (year ago)	
US Iowa/Sthrn MN	\$66.05
Western Corn Belt	\$66.03
Daily National Price	\$69.92
Daily Sig3(M.Leaf)	\$124.48
Daily Sig4(M.Leaf)	\$127.65
4-Month Fwd Avg	\$145.52
#1 Export Sows (+500lbs)	\$47.50/cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0285 CAD / \$0.9723 US	
<b>Cash Prices: Week Ending March 26th, 2010</b>	
57.35 / 126.44 Signature #3	
58.25 / 128.41 Signature #4	
56.55 / 124.68 MPMC Cash	
54.25 / 119.59 Springhill	

*This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.*

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range: (Maple Leaf Sig. #3)		140.97	144.26	146.85	142.79	130.53	128.33	120.06	116.26
		145.21	148.26	147.55	146.13	133.05	131.64	127.61	124.78
(Maple Leaf Sig. #4)		136.41	141.53	143.33	140.47	130.97	127.84	120.56	116.25
		140.25	144.85	145.49	144.61	136.54	130.40	126.69	126.78
Estimated Hog Margin		19.15	21.79	21.69	19.61	12.12	9.65	5.10	5.0
Soymeal Delivered	342	342	339	339	341	337	312	311	311
Corn Delivered	146	146	148	150	152	154	156	154	154

## Rothsay Animal Vegetable Feed Fat

\$608/tonne ↑ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

