

Hog Margin Outlook

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Tuesday, March 30, 2010

Forward contract prices opened higher this morning. Lean Hog futures spiked to limit up yesterday in response to the USDA's Hogs and Pigs Report and are seeing further gains again today. The Report had the impact of changing the psychology of both the cash and futures market as very few traders expected to see cuts to production of this size. The wholesale pork market started the week with good gains in the high value cuts, resulting in an increase to the pork cut-out of \$1.18/cwt. As supplies start to diminish in the next three weeks, packers will be forced to compete for the supplies, resulting in the normal seasonal strength in cash bids. Greater optimism in the world economy, triggered by an improved outlook for Greece resulted in the Canadian Dollar making large gains yesterday and firm this morning.

Canadian delivered soymeal prices opened higher this morning. Soymeal futures traded sharply higher yesterday in response to a sharp drop in the US Dollar. The market is preparing for tomorrow's USDA Report on planting intentions and grain stocks. Futures traders are largely expecting soybean acres to grow this year by a little over a million acres, however, there are also expectations of a small drop in this year's ending stocks.

Canadian delivered corn prices opened lower this morning. Corn futures saw little impact yesterday from the Hogs and Pigs Report, which showed that demand from livestock feeding would drop. Traders also appear focused on tomorrow's acreage intentions with the average trade estimate expecting a 3 million acre increase in corn.

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

US Slaughter	
430,000—Monday's	
418,000—Monday's (year ago)	
US Iowa/Sthrn MN	\$66.08
Western Corn Belt	\$65.90
Daily National Price	\$69.52
Daily Sig3(M.Leaf)	\$123.25
Daily Sig4(M.Leaf)	\$125.90
4-Month Fwd Avg	\$147.49
#1 Export Sows (+500lbs)	\$45.50 cwt
B of C Ex. Rate (Noon)	
\$1.0203 CAD / \$.9801 US	
Cash Prices: Week Ending March 26th, 2010	
57.35 / 126.44	Signature #3
58.25 / 128.41	Signature #4
56.55 / 124.68	MPMC Cash
54.25 / 119.59	Springhill

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	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range: (Maple Leaf Sig. #3)		142.95	146.23	149.41	145.29	133.10	130.45	121.54	116.30
		147.17	150.82	150.07	148.66	135.61	134.21	129.04	126.23
(Maple Leaf Sig. #4)		138.34	143.42	147.05	142.87	133.43	129.78	121.96	116.26
		142.15	147.32	147.96	147.05	138.97	132.87	128.05	128.14
Estimated Hog Margin		19.15	21.79	21.69	19.61	12.12	9.65	5.10	5.0
Soymeal Delivered	348	348	343	343	350	347	317	316	316
Corn Delivered	144	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

