

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, April 14, 2010

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

Forward contract prices opened lower this morning. US cash markets climbed higher as packers that were short for this week's kill broke ranks in an effort to meet their scheduled kill. Hog slaughter is expected to exceed last week's, as the influence of the floating holiday last Monday reduced the normal daily kill by about 150,000 hogs. Lean Hog futures received the news of a higher cash market by taking summer month contracts to new life-of-contract highs, US\$86.00/cwt. This is the highest that any futures have traded in thirteen years. Cash markets will need to rally by an average of \$2.00/cwt per week for the next 4 weeks in order to match the current price of the May contract. The Canadian Dollar threatens to close higher than par value with the US Dollar, as stronger trade reported for February added evidence for Canada's strong economy.

Canadian delivered soymeal prices opened higher this morning. Soybean meal markets climbed more than US\$5.00/ton yesterday as demand from China continues to impact the market while other supply related factors fail to register. The weaker US Dollar against many of the Asian currencies has helped maintain soybean export business at a time when buying interest normally shifts to South America.

Canadian delivered corn prices opened higher this morning. Corn markets are trading within 10 cents/bushel of their lowest level for 2010. Near term weather for the mid-west appears to be very good for planting progress, which is expected to start in all states this week. If the weather holds, expect further weakness in the delivered price for corn.

US Slaughter	
406,000	Tuesday's
427,000	Tuesday's (year ago)
US Iowa/Sthrn MN	\$74.72
Western Corn Belt	\$74.05
Daily National Price	\$75.98
Daily Sig3(M.Leaf)	\$136.11
Daily Sig4(M.Leaf)	\$135.24
4-Month Fwd Avg	\$148.15
#1 Export Sows (+500lbs)	\$48.60 cwt
B of C Ex. Rate (Noon)	
\$1.0028 CAD / \$.9972 US	
Cash Prices: Week Ending April 9th, 2010	
61.71/136.04	Signature #3
58.28/128.48	Signature #4
59.83/131.90	MPMC Cash
58.51/129.00	Springhill

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	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range: (Maple Leaf Sig. #3)		148.29	148.29	149.89	147.04	135.09	131.37	122.62	116.28
		149.20	151.96	151.36	149.98	137.63	136.25	129.99	127.22
(Maple Leaf Sig. #4)		143.42	145.20	147.02	144.17	134.91	130.07	122.57	120.65
		143.95	147.51	147.82	147.73	140.25	134.44	128.46	128.46
Estimated Hog Margin		19.15	21.79	21.69	19.61	12.12	9.65	5.10	5.0
Soymeal Delivered	340	340	339	340	348	340	309	313	313
Corn Delivered	145	147	149	151	153	155	157	155	155

Rothsay Animal Vegetable Feed Fat
\$573/tonne ↑ (2 – 19 mt)

To place your order call 1-866-768-4729
*Price quoted is FOB Southeast Manitoba

