

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, May 11, 2010

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

**Forward contract prices opened lower this morning.** US packers are restraining from increasing their cash bids this week as evidenced by the small estimate for yesterday's slaughter of 373,000 hogs. However, cash bids are up 60% from the same time period last year, when exports were limited and the market was feeling the early impacts of H1N1. Packers have been successful in triggering a recovery to their operating margins, which are currently estimated at \$12.00/hog. Yesterday, the Canadian Dollar regained most of its losses from last week as world markets reflected confidence in the emergency measures taken by the E.U. June – August forward contract prices have been unable to make any sizable gains to meet current cash prices, despite the higher trend in cash prices typically seen over this timeframe.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is trading lower this morning despite a weaker U.S. Dollar. Projected supplies for soybeans are approximately 3.5 billion bushels. This is unchanged from last year as beginning stocks offset lower production according to the USDA WASDE Report.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower this morning, being influenced by high supply forecasts projected to be near 13.4 billion bushels (up 260 million from last year) according to the USDA WASDE Report. Corn seedlings continue to establish at a rapid pace, contributing to these estimates.

US Slaughter	
373,000 – Monday's	
398,000 - Monday's (year ago)	
US Iowa/Sthrn MN	\$83.89
Western Corn Belt	\$83.92
Daily National Price	\$87.53
Daily Sig3(M.Leaf)	\$157.61
Daily Sig4(M.Leaf)	\$159.19
4-Month Fwd Avg	\$149.28
#1 Export Sows (+500lbs)	\$50.50 cwt
<b>B of C Ex. Rate (Noon)</b>	\$1.0246CAD / \$0.9754 US
<b>Cash Prices: Week Ending May 7th, 2010</b>	
72.48/159.78 Signature #3	
70.46/155.34 Signature #4	
70.95/156.42 MPMC Cash	
68.23/150.42 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.*

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Fixed Forward Range: (Maple Leaf Sig. #3)		153.98	153.04	151.82	140.26	133.96	125.02	117.44	122.63
(Maple Leaf Sig. #4)		156.67	154.17	153.89	142.61	140.45	132.55	129.73	129.70
Estimated Hog Margin		150.56	149.74	149.29	139.46	133.00	124.07	121.94	121.49
Soymeal Delivered	347	343	344	356	349	326	325	325	327
Corn Delivered	152	154	156	158	160	162	160	160	160

## Rothsay Animal Vegetable Feed Fat

\$588/tonne ↓ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

