

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, May 12, 2010

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

US Slaughter	
395,000 – Tuesday's	
413,000 - Tuesday's (year ago)	
US Iowa/Sthrn MN	\$86.01
Western Corn Belt	\$84.79
Daily National Price	\$87.33
Daily Sig3(M.Leaf)	\$158.45
Daily Sig4(M.Leaf)	\$158.03
4-Month Fwd Avg	\$149.13
#1 Export Sows (+500lbs) \$50.50 cwt	
B of C Ex. Rate (Noon) \$1.0195CAD / \$0.9805 US	
Cash Prices: Week Ending May 7th, 2010	
72.48/159.78 Signature #3	
70.46/155.34 Signature #4	
70.95/156.42 MPMC Cash	
68.23/150.42 Springhill	

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Forward contract prices opened higher this morning. U.S. cash markets are starting to reverse the lower trend set earlier in the week. Packers are realizing they may have difficulty meeting their planned production levels, in spite of the cut in hours that they have already made for this week. Adding to the rationale for higher bids are the steady gains being made in the pork cut-out, which has now climbed to US\$91.00/cwt. Lean Hog futures have pulled back from their highs, but are expected to hesitantly follow the gains of the cash market. Funds continue to play a significant role in the nearby contracts as their net position is nearly 20% of the open interest in long positions. The Canadian Dollar is trading in the middle of its huge 2 week trading range, with the trend this morning being higher as traders are feeling more confident that the E.U. may be able to work through their debt crisis.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning as forecasted rains in the central U.S. are expected to slow planting. As well, higher than anticipated ending stocks initially provided a bearish outlook for soybeans, however increased usage of old crop for crush and exports has limited downside movement.

Canadian delivered corn prices opened higher this morning. Corn markets opened higher this morning in further response to the USDA WASDE Report. An increase in export and ethanol demand worked together to provide a bullish outlook for corn. The USDA is projecting yields of 163.5bu/ac., which would be the second highest yield on record.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Fixed Forward Range: (Maple Leaf Sig. #3)		154.65	153.71	151.71	139.57	132.55	123.67	116.13	121.28
		155.47	154.61	153.21	141.91	139.75	131.15	128.34	128.31
(Maple Leaf Sig. #4)		151.09	150.17	148.54	138.77	131.62	122.74	120.62	120.17
		151.38	151.93	151.44	143.48	137.33	129.45	129.08	125.61
Estimated Hog Margin		27.98	27.28	26.03	18.50	15.70	10.30	9.27	10.52
Soymeal Delivered	351	345	347	359	352	327	325	325	325
Corn Delivered	157	159	161	163	165	167	165	165	165



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

