

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, May 25, 2010

**Hog Prices:** ↓ **Soymeal:** ↑

**Corn:** ↓ **Cdn Dollar:** ↓

<b>US Slaughter</b>	
2.016 Mill. – Last Week's	
2.066 Mill. - Last Week's (year ago)	
US Iowa/Sthrn MN	\$79.05
Western Corn Belt	\$79.22
Daily National Price	\$84.15
Daily Sig3(M.Leaf)	\$153.49
Daily Sig4(M.Leaf)	\$157.88
4-Month Fwd Avg	\$149.54
#1 Export Sows (+500lbs) \$52.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0570CAD / \$0.9430US	
<b>Cash Prices: Week Ending May 21st, 2010</b>	
71.80/158.28 Signature #3	
72.40/159.62 Signature #4	
70.93/156.37 MPMC Cash	
67.69/149.22 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.*

**Forward contract prices opened lower this morning.** U.S. packers started the week with lower bids reflecting a typical trend where processors pull back on production runs as orders for Memorial Day have already been met. However, prices have been falling in a counter seasonal trend for the last two weeks with packers showing discipline in their buying programs. Last week's USDA Cold Storage Report showed a 21% drop in pork supplies compared to a year ago, which is consistent with the tight live hog supplies we have experienced in the last month. Lean Hog futures were supported by this news yesterday, as well as the general consensus that domestic demand remains strong leading up to the unofficial start to the grilling season, Memorial Day. The Canadian Dollar continues to see high volatility with crude oil prices, the EU Debt Crisis and speculation on the Bank of Canada's interest rates impacting our currency.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex opened higher this morning as planting continues at a much slower pace than expected due to persisting wet weather in Missouri and Kansas. 53% of soybeans have been planted to date, compared with 48% last year at this time according to yesterday's USDA Crop Report.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower this morning as a result of a strengthening U.S. Dollar together with warm and dry conditions throughout much of the Corn Belt. According to Monday's USDA Crop Report, 93% of the corn crop is already planted compared with 61% in 2009. This bearish trend is expected to continue as record yields are anticipated.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		156.08	155.09	154.79	143.04	135.35	125.94	119.28	124.74	132.68
		156.08	155.58	156.41	145.52	143.12	133.87	130.89	132.18	134.66
(Maple Leaf Sig. #4)		152.87	151.81	151.81	142.35	134.52	125.12	124.16	123.68	131.37
		152.87	153.44	155.78	147.34	140.70	132.22	131.84	129.44	132.81
Estimated Hog Margin		25.81	25.10	23.27	16.99	14.32	8.73	8.05	10.03	14.38
Soymeal Delivered	368	354	347	356	348	324	324	324	330	332
Corn Delivered	160	162	164	166	168	170	168	168	168	168



## 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

