

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, June 01, 2010

**Hog Prices:** ↑ **Soymeal:** ↓

**Corn:** ↓ **Cdn Dollar:** ↓

<b>US Slaughter</b>	
1.924 Mill. — Last Week's	
1.822 Mill - Last Week's (year ago)	
US Iowa/Sthrn MN	\$78.00
Western Corn Belt	\$77.46
Daily National Price	\$80.90
Daily Sig3(M.Leaf)	\$148.54
Daily Sig4(M.Leaf)	\$150.23
4-Month Fwd Avg	\$145.78
#1 Export Sows (+500lbs) \$51.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0462CAD / \$.9558US	
<b>Cash Prices: Week Ending May 28th, 2010</b>	
69.24/152.64 Signature #3	
71.08/156.70 Signature #4	
68.56/151.14 MPMC Cash	
65.84/145.14 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 higher this morning.** U.S. cash markets are expected to open higher this week as packers look to replenish their inventory after it has been drawn down over the last several weeks. There is already talk of a large Saturday kill, which should have packers being more aggressive with their bids early this week. Lean Hog futures are starting this week steady to lower as the nearby contracts are holding a \$3 - \$4 premium over the cash market, while cash market fundamentals do not currently support a strong rally over the next two weeks, when the June contract expires. The Bank of Canada bumped interest rates up by 25 basis points this morning as they make the first move at preventing inflation due to faster than expected economic growth. The Canadian Dollar responded to the decision early this morning with a brief drop and a recovery to just over US \$0.9550. A trend may be forming for continued appreciation back close to par with the U.S. Dollar.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex opened lower this morning despite limited old crop supplies. However, expectations for record yields in 2010 continue to put pressure on prices. Planting expansion and seedling development were predominant after moisture was received on the weekend, which was then followed by warm weather.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower this morning driven by pressure from a weaker U.S. Dollar, as well as a decrease in crude oil futures. In addition, excellent growing conditions in the Midwest are expected to keep corn prices bearish as the strong start to the U.S. growing season persists.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		150.49	151.21	139.55	135.65	126.51	119.35	124.65	132.37	
		151.69	153.41	143.85	141.53	134.21	131.32	131.88	134.29	
(Maple Leaf Sig. #4)		148.28	148.28	139.77	134.72	125.58	123.98	123.51	130.98	
		149.21	152.72	145.50	139.10	132.48	132.11	129.11	132.38	
Estimated Hog Margin		27.86	26.75	25.34	18.81	16.73	11.15	10.36	12.83	16.65
Soymeal Delivered	350	353	349	344	324	320	320	323	325	367
Corn Delivered	154	156	158	160	162					



## Rothsay Animal Vegetable Feed Fat

**\$618/tonne ↑ (2 – 19 mt)**

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

\*Price quoted is FOB Southeast Manitoba

