

Hog Margin Outlook

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Wednesday, June 02, 2010

Hog Prices: ↓ Soymeal: ↔

Corn: ↔ Cdn Dollar: ↑

US Slaughter	
411,000 – Tuesday's	
420,000l - Tuesday's (year ago)	
US Iowa/Sthrn MN	\$75.24
Western Corn Belt	\$75.50
Daily National Price	\$80.52
Daily Sig3(M.Leaf)	\$145.02
Daily Sig4(M.Leaf)	\$149.77
4-Month Fwd Avg	\$146.95
#1 Export Sows (+500lbs) \$51.00 cwt	
B of C Ex. Rate (Noon) \$1.0479CAD / \$.9543US	
Cash Prices: Week Ending May 28th, 2010	
69.24/152.64 Signature #3	
71.08/156.70 Signature #4	
68.56/151.14 MPMC Cash	
65.84/145.14 Springhill	

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Forward contract prices opened lower this morning. U.S. cash markets surprised many yesterday when the major cash market regions came in lower, some down almost \$3.00/cwt from last Friday. Most analysts had anticipated that packers would be aggressive buyers after the Memorial Day break as pork inventory is tight and packers normally try for a large Saturday kill the week after a holiday. Interestingly, wholesale pork prices have not changed significantly over the last several weeks, and the lower cash bids have gone directly into improving packer margins. Lean hog futures are holding relatively firm despite the cash market weakness, but traders will start to shrink the current premium if cash markets do not begin to turn around. The Canadian Dollar is trading slightly higher, but global investors continue to favour the U.S. Dollar over most every other currency while there is still great uncertainty associated with the EU and its debt crisis.

Canadian delivered soymeal prices opened steady this morning. The soybean complex opened steady this morning after Tuesday's USDA Crop Report accounted that 74% of the crop was already planted, compared to 63% from 2009. However, planting pace this year was slightly lower than the five-year average, mainly due to some difficult weather conditions in Indiana, Ohio, and Missouri.

Canadian delivered corn prices opened steady this morning. Corn markets are trading steady this morning as pressure from the rising U.S. Dollar moves corn upward, but superb yield forecasts continue to create a bearish outlook. With 97% of corn already planted in the U.S., Tuesday's USDA Crop Report stated 77% of the crop was in good to excellent condition.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		151.40	152.17	141.07	136.70	127.57	121.43	126.77	134.52	
		152.65	154.94	145.37	142.66	135.26	132.38	134.04	136.46	
(Maple Leaf Sig. #4)		149.21	149.21	141.24	135.73	126.61	126.04	125.57	133.09	
		150.13	154.21	146.98	140.20	133.50	133.12	131.21	134.50	
Estimated Hog Margin		27.86	26.75	25.34	18.81	16.73	11.15	10.36	12.83	16.65
Soymeal Delivered	347	350	346	340	321	320	320	320	321	366
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

