

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, June 10, 2010

Hog Prices: ↓ **Soymeal:** ↑

Corn: ↑ **Cdn Dollar:** ↑

US Slaughter	
404,000 – Wednesday's	
418,000 – Wednesday's (year ago)	
US Iowa/Sthrn MN	\$74.48
Western Corn Belt	\$74.59
Daily National Price	\$78.48
Daily Sig3(M.Leaf)	\$142.12
Daily Sig4(M.Leaf)	\$144.71
4-Month Fwd Avg	\$138.84
#1 Export Sows (+500lbs) \$53.25 cwt	
B of C Ex. Rate (Noon) \$1.0395CAD / \$.9620US	
Cash Prices: Week Ending June 4th, 2010	
67.10/147.92 Signature #3	
67.41/148.62 Signature #4	
66.16/145.85 MPMC Cash	
64.00/141.10 Springhill	

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Forward contract prices opened lower this morning. Packers are keeping pace with the lower pork cut-out by dropping cash bids an equivalent amount. They are protecting better than average operating margins of approximately \$18.00/hog, but will have to contend with a further tightening of the hog supply to around 1.925 million hogs per week in about one months time. Lean Hog futures are firmly into a bearish trend with almost all technical indicators forecasting a continuation over the next several days. The July contract is maintaining only a marginal premium over the current cash market providing little in the way of good hedging opportunities. The Canadian Dollar is rallying against the U.S. Dollar as global investors seem to have a larger appetite for the riskier "growth" economies of which Canada counts itself.

Canadian delivered soymeal prices opened higher this morning. Soybean meal markets continue their bullish trend this morning as a result of strong domestic demand and tight old crop supplies. Projections for 2010-11 soybean production are near 360 million bushels according to Thursday's USDA Supply and Demand Report and was seen as neutral for soybean prices.

Canadian delivered corn prices opened higher this morning. Corn markets are trading higher this morning after a cut was made in projected 2009-10 ending stocks of U.S. corn from 1.738 billion bushels to 1.603 billion bushels. This shift was largely caused by a significant increase in ethanol production for 2010, however, low test weights for the last year's crop are also contributing to this bullish move.

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		141.28 144.97	144.50 147.90	134.19 138.45	131.28 135.32	122.29 129.86	120.91 127.02	123.31 129.55	130.03 131.95	126.57 130.41
(Maple Leaf Sig. #4)		139.65 143.04	142.13 144.96	134.52 140.20	130.43 133.06	121.45 128.23	120.99 127.86	123.31 126.85	128.52 130.38	127.22 128.89
Estimated Hog Margin		21.58	22.00	15.69	13.33	8.03	8.29	9.48	13.96	13.59
Soymeal Delivered	363	359	361	364	337	335	335	323	324	324
Corn Delivered	148	150	152	154	156					



Rothsay Animal Vegetable Feed Fat

\$613/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

