

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, April 01, 2010

Hog Prices: ↑ Soymeal: ↓
 Cdn Dollar: ↓

US Slaughter	
431,000—Wednesday's	
421,000—Wednesday's (year ago)	
US Iowa/Sthrn MN	\$68.72
Western Corn Belt	\$68.87
Daily National Price	\$69.20
Daily Sig3(M.Leaf)	\$128.21
Daily Sig4(M.Leaf)	\$124.75
4-Month Fwd Avg	\$148.39
#1 Export Sows (+500lbs) \$45.50 cwt	
B of C Ex. Rate (Noon) \$1.0156 CAD / \$0.9846 US	
Cash Prices: Week Ending March 26th, 2010	
57.35 / 126.44 Signature #3	
58.25 / 128.41 Signature #4	
56.55 / 124.68 MPMC Cash	
54.25 / 119.59 Springhill	

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Forward contract prices opened higher this morning. Cash markets are expected to continue the higher trend as packers are attempting to hold the size of their weekly slaughters constant while hog supplies embark on their normal seasonal decline. Typically, the weekly US slaughter will shrink more than 5% over the next two months, which triggers a rally in packer bids. Futures markets are expected to creep higher as the cash market firms up. However, futures are already holding a larger than average premium to the current cash market and a return to weaker cash prices would likely trigger a bearish trend in the summer months. A Report showing strong economic growth for January had the impact of pushing the dollar higher, as traders believe that the Bank of Canada could increase interest rates before July.

Canadian delivered soymeal prices opened lower this morning. Soymeal futures are expected to extend yesterday's losses based on heavy supplies. The trade had accurately estimated the last Quarterly Stocks Report in January, but underestimated yesterday's results by about 63 million bushels. The market was also influenced by the confirmation that farmers intend to plant an additional 600,000 acres into soybeans.

Canadian delivered corn prices opened lower this morning. Corn futures are likely to see further downside after they were rattled yesterday, as traders came to the realization that ending stocks could be the second largest on record. With domestic feed use waning, the trade will be more heavily reliant on ethanol and exports to maintain prices at current levels.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range: (Maple Leaf Sig. #3)		143.92	147.18	150.09	144.87	132.77	128.30	119.44	115.37
		148.11	152.14	150.74	149.16	135.29	133.89	126.90	124.10
(Maple Leaf Sig. #4)		139.28	144.32	146.24	142.46	133.08	127.67	119.91	115.34
		143.06	148.59	149.22	147.50	138.58	132.55	125.95	126.05
Estimated Hog Margin		19.15	21.79	21.69	19.61	12.12	9.65	5.10	5.0
Soymeal Delivered	333	333	332	332	342	339	311	311	311
Corn Delivered	142	144	146	148	150	152	154	152	152



Rothsay Animal Vegetable Feed Fat

\$568/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

