

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, May 04, 2010

Hog Prices: ↑ Soymeal: ↓  
Corn: ↓ Cdn Dollar: ↑

**Forward contract prices opened higher this morning.** On a seemingly random basis, packers throw caution to the wind with their cash bids, just as they did in yesterday's trade. Iowa/S. Minnesota afternoon prices were up \$3.50/cwt, while the daily estimate of Sig #3 increased by more than \$4.00/ckg. Packers have had excellent operating margins to use toward their cash hog purchases, but after yesterday's increases, higher bids will put them into unprofitable territory, without a corresponding increase in the cut-out. Lean Hog futures are taking back some of yesterday's gains this morning, while the Canadian Dollar is offsetting these losses in our forward prices by dropping more than ½ a cent. Producers should consider adding target prices at \$135 - \$145/ckg for the October - December period, in order to take advantage of any brief rallies in these contracts.

**Canadian delivered soymeal prices opened lower this morning.** Soybean markets are trading lower this morning as planting progress in the U.S. continues to press forward with 15% of the crop in the ground as of Sunday; however, fear of frost for early planted soybeans may cap downside movement. As well, a firmer U.S. Dollar is providing a bearish influence on soybean prices.

**Canadian delivered corn prices opened lower this morning.** Corn markets are reacting to excellent growing conditions, and swift progress in regards to planting in the Corn Belt (~65-70% complete) by opening lower this morning. This is largely influenced by the avoidance of heavy rains, which were expected in the area, however, stayed to the south.

US Slaughter	
399,000	Monday's
397,000	Monday's (year ago)
US Iowa/Sthrn MN	\$86.11
Western Corn Belt	\$84.89
Daily National Price	\$84.78
Daily Sig3(M.Leaf)	\$157.69
Daily Sig4(M.Leaf)	\$152.50
4-Month Fwd Avg	\$151.63
#1 Export Sows (+500lbs)	\$50.50 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0134CAD / \$0.9866 US	
<b>Cash Prices: Week Ending April 30th, 2010</b>	
69.28/152.73	Signature #3
67.40/148.58	Signature #4
67.79/149.44	MPMC Cash
65.52/144.44	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.*

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Fixed Forward Range: (Maple Leaf Sig. #3)		155.66	156.14	152.12	139.95	135.44	126.53	121.22	126.39
		157.55	156.99	155.58	142.57	141.16	134.03	131.22	133.45
(Maple Leaf Sig. #4)		151.01	152.47	148.21	139.15	133.51	125.70	125.58	125.13
		153.74	154.29	153.38	144.22	138.51	131.88	131.88	130.59
Estimated Hog Margin	28.56	29.32	28.52	26.43	18.93	16.35	11.45	11.14	12.43
Soymeal Delivered	347	344	345	363	358	337	330	330	340
Corn Delivered	150	152	154	156	158	160	158	158	158

## Rothsay Animal Vegetable Feed Fat

\$588/tonne ↓ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

