

Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, July 21, 2010

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

Forward contract prices opened higher this morning. Cash markets rallied by more than \$2.00/cwt in some regions with packers attempting to keep their production run close to 2 million hogs this week. The fact that average carcass weights have been running 4 pounds heavier than last July has packers more optimistic that they can increase their weekly slaughter. The heavy weights are difficult to explain this year as conditions throughout most of the Corn Belt have been hotter than last year and this typically results in poorer gains. Lean hog futures narrowed the premium that they held to the cash market by falling over \$1.00/cwt yesterday. However, forward prices still represent good value for the fall given that seasonal weakness due to growing hog supplies usually results in a \$18.00/ckg drop over the next 4 months.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning on support from increased crude oil and metal futures. Tight supplies and strong export demand are also contributing to soybean's bullish movement. Gains are expected to be capped, however, as current growing conditions are excellent in the Midwest.

Canadian delivered corn prices opened higher this morning. Corn markets opened higher this morning despite favorable weather for crop development. The lack of hot and dry weather is allowing corn to grow without additional stress, and projected yields are expected to come close to last year's record yields. Increases in wheat prices are also contributing spillover support for corn.

US Slaughter	
391,000	— Tuesday's
418,000	— Tuesday's (year ago)
US Iowa/Sthrn MN	\$75.88
Western Corn Belt	\$75.29
Daily National Price	\$77.47
Daily Sig3(M.Leaf)	\$145.27
Daily Sig4(M.Leaf)	\$144.74
4-Month Fwd Avg	\$135.91
#1 Export Sows (+500lbs)	\$50.50 cwt
B of C Ex. Rate (Noon)	
\$1.0526CAD / \$.9500US	
Cash Prices: Week Ending July 16th, 2010	
64.37/141.92	Signature #3
65.12/143.56	Signature #4
63.54/140.08	MPMC Cash
61.33/135.20	Springhill

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	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		147.45	138.87	135.53	126.46	125.00	127.39	134.09	131.26	134.91
		147.45	143.16	140.02	134.10	131.23	133.62	136.01	135.09	146.90
(Maple Leaf Sig. #4)		144.08	139.09	134.58	125.51	124.94	127.26	132.45	129.89	132.78
		144.08	142.97	137.63	132.36	131.99	130.78	134.30	133.41	140.76
Estimated Hog Margin		23.60	18.89	16.37	11.27	11.84	13.24	17.53	16.71	20.92
Soymeal Delivered	383	383	391	349	347	347	346	350	350	347
Corn Delivered	164	166	168	170	172	174	176			

Rothsay Animal Vegetable Feed Fat

\$628/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

