

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, July 22, 2010

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

Forward contract prices opened higher this morning. Higher wholesale pork prices are giving packers an incentive to bid up hog prices as they attempt to maintain their current production level. The carcass cut-out has received a boost primarily from ribs, hams and bellies as inventory of these cuts remain tight. While carcass weights continue to trend well above year ago levels, they are down about 4 pounds from their peak in early June. Lean hog futures responded positively to the gains in the cash market yesterday with the nearby contracts erasing the losses seen earlier in the week. A comment from U.S. Federal Reserve Chairman Bernanke- that the future of the U.S. economy was “unusually uncertain”, sent the U.S. Dollar sharply lower yesterday. The Canadian Dollar is trading near \$0.9550 U.S. this morning.

Canadian delivered soymeal prices opened higher this morning. The soybean complex opened higher today as tight supplies combined with uncertainty in terms of weather continue to provide support for prices. According to the U.S. Census Bureau, there were 129.2 million bushels of soybeans crushed in June, which was below the average estimate of 132.1 million bushels.

Canadian delivered corn prices opened higher this morning. Corn markets are trading higher today, buoyed by towering wheat prices as supply continues to be a concern in Europe and Russia. Reduced inventories of feed-quality wheat worldwide could translate into increased demand for corn. Export sales to China are also expected to continue, regardless of how their own crop turns out.

US Slaughter	
402,000 – Wednesday's	
404,000 – Wednesday's (year ago)	
US Iowa/Sthrn MN	\$74.73
Western Corn Belt	\$75.17
Daily National Price	\$77.64
Daily Sig3(M.Leaf)	\$143.67
Daily Sig4(M.Leaf)	\$143.70
4-Month Fwd Avg	\$138.60
#1 Export Sows (+500lbs)	\$50.50 cwt
B of C Ex. Rate (Noon)	\$1.0427CAD / \$0.9590US
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)		150.38	141.81	138.01	128.95	128.88	131.29	138.05	134.92	138.60
			150.38	146.10	142.91	136.58	133.71	137.57	139.98	150.69
(Maple Leaf Sig. #4)		147.66	142.30	137.34	128.10	129.02	131.07	136.30	133.46	136.37
			147.66	146.36	140.79	135.12	134.56	134.62	138.17	144.43
Estimated Hog Margin		23.60	18.89	16.37	11.27	11.84	13.24	17.53	16.71	20.92
Soymeal Delivered	380	380	388	354	352	352	353	352	352	348
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

