



Hog Margin Outlook

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Wednesday, February 09, 2011

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

Forward contract prices opened higher this morning. U.S. cash markets continue to make gains, as packers are taking an aggressive approach in their buying strategies while they project a further rally in the cash market over the next several weeks. Packers are better buying early and adding to inventory in an up trending market as they expect to be paying more for hogs down the road. All of the primal cuts have contributed to the recent gains seen so far in 2011, but belly prices have had the biggest impact. They have appreciated to \$118/cwt, well shy of last year's high of more than \$150/cwt. Lean hog futures have recently stalled on their 2011 rally, but with cash still advancing, the lofty futures prices are looking increasingly attainable. The Canadian Dollar found support from a report showing higher housing starts, bettering analysts' expectations.

Canadian delivered soymeal prices opened higher this morning. Spillover support from corn futures is moving soybean prices higher this morning. Today's USDA Supply and Demand Report was considered neutral for the soybean complex, with ending stocks projected at 140 million bushels, unchanged from the January estimate. Soybean prices must keep pace with corn to avoid losing acres in 2011.

Canadian delivered corn prices opened higher this morning. Today's government report is working to move corn prices higher, as the February ending stock projection was lowered from 745 million bushels to 675 million bushels. The estimate came in well below analyst expectations of 728 million bushels. Year ago levels at this time were 1.708 million bushels.

US Slaughter	
422,000	– Tuesday's
416,000	– Tuesday's (year ago)
US Iowa/Sthrn MN	\$83.26
Western Corn Belt	\$82.76
Daily National Price	\$83.46
Daily Sig3(M.Leaf)	\$150.27
Daily Sig4(M.Leaf)	\$146.75
4-Month Fwd Avg	\$169.36
#1 Export Sows (+500lbs)	\$39.75 cwt
B of C Ex. Rate (Noon)	
\$0.9906CAD / \$1.0095US	
Cash Prices: Week Ending February 4th, 2011	
66.10/145.72	Signature #3
64.33/141.82	Signature #4
64.75/142.75	MPMC Cash
63.05/139.01	Springhill

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		153.17 154.53	157.54 168.47	173.58 176.77	174.49 179.50	177.54 178.46	161.99 176.90	157.41 158.32	151.86 157.82	142.95 148.55
(Maple Leaf Sig. #4)		151.49 152.73	153.88 161.47	166.67 169.85	170.56 173.38	171.57 172.55	161.91 170.33	154.65 156.77	149.54 153.98	140.48 145.63
Soymeal Delivered	422	424	446	450	457	457	477	479	457	457
Corn Delivered	271	273	275	277	279					



Rothsay Animal Vegetable Feed Fat

\$778/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

