



Hog Margin Outlook

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Wednesday, February 16, 2011

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

US Slaughter	
419,000 – Tuesday's	
426,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$78.93
Western Corn Belt	\$79.23
Daily National Price	\$85.03
Daily Sig3(M.Leaf)	\$143.59
Daily Sig4(M.Leaf)	\$149.22
4-Month Fwd Avg	\$171.81
#1 Export Sows (+500lbs)	\$43.00cwt
B of C Ex. Rate (Noon)	
\$0.9887CAD / \$1.0114US	
Cash Prices: Week Ending February 11th, 2011	
68.70/151.46 Signature #3	
66.18/145.90 Signature #4	
67.16/148.07 MPMC Cash	
65.57/144.55 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

Forward contract prices opened higher this morning. U.S. cash markets continue to make a sharp retreat from their strong gains over the last several weeks, sending estimated packer operating margins sharply higher. Last week, packer margins dropped briefly into the red, forcing packers to cut back on their slaughter schedules in an attempt to bring their margins into line. Now, margins are estimated near \$20/hog, with the recent cash market weakness threatening the premium that has been built into the futures. Nearby contracts have resisted any significant declines, but speculators will start to short the April and May contracts if the cash market does not find some support. The Canadian Dollar is trading in a tight range, but January inflation numbers for the U.S. and Canada released on Thursday and Friday respectively, could trigger a break out.

Canadian delivered soymeal prices opened lower this morning. The soybean complex is moving lower today due to continued record yield projections for Brazil, an improved crop outlook in Argentina, and recently cancelled export sales. Traders suspect that China may have been the ones to cancel a sale of 110,000 tons of U.S. soymeal, in favor of South American supplies.

Canadian delivered corn prices opened lower this morning. The corn market is trading lower as a result of profit-taking from 31-month highs reached on Monday. As well, the USDA's acreage forecasts totaled 92 million acres. This projection was up 4.3% from last year, and well above analyst expectations. Spillover weakness from wheat and soybean is also contributing to the bearish movement.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		152.30 155.91	159.46 170.34	174.66 177.83	175.56 180.55	177.80 178.71	163.06 177.07	158.52 159.43	153.37 159.31	143.40 148.98
(Maple Leaf Sig. #4)		152.73 153.26	155.73 163.28	167.73 170.89	171.59 174.40	171.82 172.79	162.93 170.50	155.70 157.82	150.99 155.42	140.90 146.04
Soymeal Delivered	403	406	420	425	428	432	437	439	432	432
Corn Delivered	270	272	274	276	278					



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

