



# Hog Margin Outlook

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Tuesday, April 05, 2011

Hog Prices: ↔ Soymeal: ↓

Corn: ↓ Cdn Dollar: ↑

US Slaughter	
405,000 – Monday's	
287,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$87.98
Western Corn Belt	\$87.75
Daily National Price	\$88.78
Daily Sig3(M.Leaf)	\$155.65
Daily Sig4(M.Leaf)	\$152.53
4-Month Fwd Avg	\$170.50
#1 Export Sows (+500lbs) \$49.00cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9679AD / \$1.0332US	
<b>Cash Prices: Week Ending April 1st, 2011</b>	
69.65/153.55 Signature #3	
67.84/149.57 Signature #4	
68.29/150.55 MPMC Cash	
67.36/148.50 Hylife	

*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 steady this morning.** U.S. cash markets are trading steady this morning, after a mixed day in yesterday's trade. Wholesale pork prices are having trouble rallying beyond the \$95/cwt that has been the average price, however, compared to last year at this time, prices are still close to 25% higher. Consequently, packers have had a strong incentive to keep their shackles full and have bid away a significant portion of their profit margins over the last two months. Lean hog futures are making cautious gains, with the June contract trading just shy of contract highs at \$104.35/cwt. Any cash market weakness will likely be felt immediately in the futures as well, due to the still large premium that summer month contracts hold over the cash market. Traders are optimistic of strong export sales to China, Japan and South Korea over the next several months, providing much of the rationale for the record high prices.

**Canadian delivered soymeal prices opened lower this morning.** Slowing export demand and increased competition from South America are working to move soybean prices lower this morning. China has put the brakes on buying in the presence of negative crush margins. As well, harvests in Argentina and Brazil are moving aggressively, putting pressure on prices.

**Canadian delivered corn prices opened lower this morning.** Profit taking in corn is moving prices slightly lower after the market finished at \$7.65/bushel yesterday, matching the all time high set in 2008. The current decrease is expected to be temporary as demand from ethanol plants and livestock producers remains high in the face of tight supplies.

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range (Maple Leaf Sig. #3)		172.10 174.31	172.10 176.97	176.63 177.52	166.92 178.90	163.37 164.25	158.01 163.80	148.84 154.27	151.15 153.83
(Maple Leaf Sig. #4)		167.17 168.37	169.06 171.80	170.79 172.33	167.91 172.82	160.95 162.84	155.86 160.17	146.20 151.37	149.48 151.03
Soymeal Delivered	387	393	404	410	414	417	409	414	414
Corn Delivered	279	281	283	283					



## Rothsay Animal Vegetable Feed Fat

\$948/tonne ↑ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

