



Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237
or visit www.mpmc.mb.ca

Tuesday, May 12, 2009

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

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|--|
| US Slaughter |
| 404,000—Monday's |
| 411,000—Monday's (Year Ago) |
| US Iowa/Southern MN \$60.79 |
| Western Corn Belt \$60.94 |
| Daily Sig #3 Est. (M.Leaf) \$129.47 |
| B of C Ex. Rate (Noon) \$1.1591 CAD / \$0.8627 US |
| Cash Price (\$/cwt/ckg) Cash prices for week ending May 8th, 2009 |
| 51.60 / 113.76 Signature #3 |
| 50.47 / 111.26 MPMC Cash |
| 48.06 / 105.95 Springhill |

This information is intended to help you make your own pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of MPMC.

Manitoba Pork Marketing's forward contract prices opened higher this morning. US cash markets continue their stunning recovery from the impact of H1N1 Influenza outbreak by rallying more than US\$3.00/cwt yesterday. However, there was not optimism throughout the entire pork complex as the pork cut-out (the aggregate value of all the primal cuts) was weaker compared to Friday. The two divergent trends resulted in a big drop in estimated packer operating margins, to less than a breakeven. Lean Hog futures followed the lead of the pork cut-out, as traders are skeptical of the sustainability of the cash market rally. Forward contract prices in the fall and winter months represent fair value, given that they meet or exceed cash prices in the same week of 2008, despite our higher Canadian Dollar.

Canadian delivered soymeal prices opened higher this morning. Yesterday's USDA Export Inspections Report showed soybeans below expectations, roughly a 60% dip from last week. The Crop Progress Report showed soybean acres have more than doubled in the past week, and are above plantings at this time in 2008. The WASDE Report showed a 35 million bushel adjustment down for 2008/2009 ending stocks—which is within the range of expectations.

Canadian delivered corn prices opened higher this morning. Export inspections for corn remained strong—up approximately 45% from the prior week. 2008/2009 ending stocks saw a drastic reduction in the WASDE Report—dropping from 1.7 billion bushels in April to 1.6 billion bushels today, creating a strong and unexpected bullish tone.

| | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan |
|----------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range | | 141.48 | 138.85 | 143.94 | 138.63 | 132.65 | 124.70 | 117.94 | 129.62 |
| (Maple Leaf Sig. #3) | | - | - | - | - | - | - | - | - |
| Estimated Hog Margin | -10.02 | -5.30 | -4.21 | -2.09 | -4.63 | -4.06 | -3.24 | 0.51 | 8.81 |
| Soymeal Delivered | 476 | 474 | 477 | 486 | 491 | 387 | 387 | 387 | 390 |
| Corn Delivered | 196 | 198 | 200 | 202 | 204 | | | | |



Rothsay Animal Vegetable Feed Fat

\$620/tonne ↓ (2 – 19 mt)

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

**Price quoted is FOB Southeast Manitoba*

