



# Hog Margin Outlook

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Friday, July 24, 2009

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

**Manitoba Pork Marketing's forward contract prices opened lower this morning.** US cash markets are finishing the week higher than last Friday, but are down slightly from earlier this week. Packers have seen a huge improvement in their gross margins, moving from a loss of about \$5.00/hog two weeks ago, to an estimated profit of more than \$13.00/hog. Live Hog supplies are ample due to the recent string of plants being down for repairs and maintenance, allowing packers to drop their bids. Lean Hog futures are seeing significant pressure this morning, narrowing the premium that the August contract holds to the current cash market. The stronger Canadian Dollar has taken about \$10.00/kg out of hog prices in the last ten days, as the Dollar is nearing its highest level since October 2008.

### Weekly Comparison

WCB Cash (cwt)	+ \$0.86
ISM Cash (cwt)	+ \$1.37
Forward Prices (ckg)	- \$3-6
CDN Dollar (Per US\$)	+ 0.025

**Canadian delivered soymeal prices opened steady this morning.** Recent basis changes have pushed new crop soymeal up from its previous lows. China was unsuccessful with its release of soybeans from its reserves earlier this week, as its pricing appeared to be too high to garner attention with the soy complex's recent weakness.

**Canadian delivered corn prices opened steady this morning.** Corn futures rallied sharply yesterday, fuelled by a spike in crude oil pricing. The Canadian Dollar made a strong jump this week, helping to minimize the gains made by futures. Despite favourable weather, talk of a revision downwards for acres is likely to keep corn futures bullish in the short term.

<b>US Slaughter</b>
420,000—Thursday's
418,000—Thursday's (Year Ago)
US Iowa/Southern MN \$58.21
Western Corn Belt \$58.46
Daily Sig #3 Est. (M.Leaf) \$116.45
<b>B of C Ex. Rate (Noon)</b> \$1.0867 CAD / \$0.9202 US
<b>Cash Price (\$/cwt/ckg)</b> Cash prices for week ending July 24th, 2009
53.24 / 117.38 Signature #3
50.98 / 112.38 MPMC Cash
48.44 / 106.78 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.*

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		112.12	105.16 -	103.21 -	95.95 -	94.15 -	105.09 -	112.64 -	114.62 -
Estimated Hog Margin	-17.17	-20.18	-19.05	-14.05	-14.59	-9.75	-0.65	3.33	3.46
Soymeal Delivered	433	449	462	375	375	375	373	373	373
Corn Delivered	150	153	155	158	151	153	155		

## Rothsay Animal Vegetable Feed Fat

\$535/tonne ↑ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

