



Hog Margin Outlook

Meeting Your Marketing Needs

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

Friday, October 09, 2009

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

| US Slaughter | |
|--|---------|
| 435,000—Thursday's | |
| 432,000—Thursday's (Year Ago) | |
| US Iowa/Sthrn MN | \$48.12 |
| Western Corn Belt | \$48.69 |
| Daily National Price | \$52.64 |
| Daily Sig #3(M.Leaf) | \$94.02 |
| Daily Sig #4(M.Leaf) | \$98.43 |
| #1 Export Sows (+500lbs) \$22.65/cwt | |
| B of C Ex. Rate (Noon) | |
| \$1.0522 CAD / \$0.9504 US | |
| Cash Price (\$/cwt/kg) | |
| Cash prices for week ending October 9th, 2009 | |
| 43.25 / 95.35 Signature #3 | |
| 45.18 / 99.61 Signature #4 | |
| 42.52 / 93.74 MPMC Cash | |
| 40.03 / 88.26 Springhill | |

Manitoba Pork Marketing's forward contract prices opened lower this morning. US cash markets are finishing the week lower with abundant supplies pushing

packer bids lower. Wholesale pork prices are one of the main causes of the weaker cash market as packer margins have been squeezed to near breakeven levels. Compared to last year at this time all cuts are lower in value, with hams and bellies down about 30% and 15% respectively. Lean Hog futures saw very little influence from the weaker cash market, as winter month futures contracts are up more than 10% this week. Hedge funds and charting based speculators were active buyers as technical indicators were bullish. Forward contract prices gained in excess of \$5.00/kg over the week, providing a good opportunity to hedge a portion of winter production.

| Weekly Comparison | |
|-----------------------|-----------|
| WCB Cash (cwt) | - \$0.85 |
| ISM Cash (cwt) | - \$1.53 |
| Forward Prices (ckg) | + \$2-5 |
| CDN Dollar (Per US\$) | + 0 .0222 |

Canadian delivered soymeal prices opened mixed this morning. This morning's WASDE Report saw little change for the yield for soybeans. An adjustment upwards for beginning stocks resulted in a 10 million bushel increase for estimated ending stocks. An improved outlook for South American soybean crops helped boost the projected world soybean supply for 2009/2010 by 4.26 million metric tons.

Canadian delivered corn prices opened lower this morning. Corn's rally could finally be running out of steam, as a slightly higher US Dollar curtailed gains. Corn saw a 2.3 bpa increase, which boosted ending stocks by 37 million bushels—leaving the total projected at 1.672 billion bushels.

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.

| | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|----------------------|--------|--------|--------|-------|--------|--------|--------|--------|--------|
| Fixed Forward Range | | 88.58 | 87.05 | 95.68 | 107.06 | 109.51 | 115.77 | 127.82 | 132.64 |
| (Maple Leaf Sig. #3) | | - | - | - | - | - | - | - | - |
| Estimated Hog Margin | -20.60 | -17.70 | -13.37 | -5.90 | -0.51 | 0.74 | 5.99 | 14.24 | 15.60 |
| Soymeal Delivered | 382 | 364 | 364 | 361 | 356 | 356 | 357 | 357 | 356 |
| Corn Delivered | 157 | 157 | 159 | 161 | 163 | 165 | 167 | 169 | 171 |



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www.hogdays.ca

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