



# Hog Margin Outlook

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Friday, November 06, 2009

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

**Manitoba Pork Marketing's forward contract prices opened mixed this morning.** US cash markets are finishing the week on a lower trend, but still up about

<u>Weekly Comparison</u>	
WCB Cash (cwt)	+ \$1.98
ISM Cash (cwt)	+ \$1.55
Forward Prices (ckg)	- \$0-1
CDN Dollar (Per US\$)	+ 0 .0048

\$2.00/cwt from last Friday. Packers started the week with aggressive bids as operating margins were favourable, however as bids moved higher the cut-out failed to keep pace and margins shrunk. Wholesale pork sales remain stronger than expected for this time of year, with analysts pegging domestic pork demand up by 4% compared to year ago levels. The Canadian Dollar is finishing the week lower, with influence coming from a disappointing employment report that showed a reduction of 43,000 jobs compared to expectations of 10,000 jobs being created. Forward contract prices for the summer months represent fair value given the upside potential in our currency.

**Canadian delivered soymeal prices opened lower this morning.** After yesterday's sharp losses, the soy complex went on to trade marginally higher overnight. A 12-month average for delivered soymeal is now sitting at roughly \$372/MT. Truck availability still remains tight, producers are reminded to allow for increased delivery time for cash orders.

**Canadian delivered corn prices opened lower this morning.** Favourable harvest weather is forecasted to continue through next week for the majority of the US Corn Belt—though focus remains on harvesting soybeans. After a sharp increase in cash pricing earlier in the week the cash price is back to \$165/MT, unchanged from last Friday.

<b>US Slaughter</b>	
434,000—Thursday's	
433,000—Thursday's (Year Ago)	
US Iowa/Sthrn MN	\$53.85
Western Corn Belt	\$54.35
Daily National Price	\$56.60
Daily Sig3(M.Leaf)	\$106.28
Daily Sig4(M.Leaf)	\$107.21
4-Month Fwd Avg	\$112.34
#1 Export Sows (+500lbs)	\$27.05/cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0651 CAD / \$0.9389 US	
<b>Cash Price (\$/cwt/ckg)</b>	
Cash prices for week ending November 6th, 2009	
47.75 / 105.27	Signature #3
47.91 / 104.06	Signature #4
45.66 / 100.67	MPMC Cash
43.51 / 95.92	Springhill

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	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		96.86	105.71	115.05	116.14	122.49	133.61	137.88	137.98
		-	-	-	-	-	-	-	-
		102.65	115.54	119.47	118.98	129.71	140.93	142.88	139.35
Estimated Hog Margin	-11.82	-11.60	-3.96	0.57	1.24	6.24	14.07	15.42	14.27
Soymeal Delivered	395	387	371	372	372	370	370	369	369
Corn Delivered	165	166	168	170	172	174	176	178	180



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