



Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, December 17, 2009

Hog Prices: ↓↑

Soymeal: ↓

Corn: ↓

Cdn Dollar: ↑

Manitoba Pork Marketing's forward contract prices opened mixed this morning. The trend of higher carcass cut-out prices was broken yesterday when the aggregate value of all the primal cuts fell by about \$2.00/cwt and dropped below \$70/cwt. The ham primal is starting to see weakness as the Christmas holiday approaches and there is not enough time left to cut, process and distribute in order to meet the holiday demand. Packers were still committed to meeting this week's kill schedule, but may make some adjustments to Saturday's kill due to the sharp reduction in their projected operating margins. Lean Hog futures predictably came under pressure as traders have been cautious in adding more value to the February and April contracts based on current cash market fundamentals.

Canadian delivered soymeal prices opened lower this morning. After closing flat yesterday, a sharply higher US Dollar helped the soy complex move lower overnight. This morning's USDA Export Sales Report was relatively unchanged from last week's results. The Canadian Dollar is roughly one cent lower than yesterday's open, minimizing losses for the soy complex by decreasing purchasing power.

Canadian delivered corn prices opened lower this morning. Corn futures traded marginally higher yesterday, but erased those gains late in the overnight session. Export sales are up 45% for corn this week—a new marketing year high. A stronger US Dollar is providing a bearish influence this morning, limiting rally potential.

| US Slaughter | |
|--|----------------------------|
| 431,000 | —Wednesday's |
| 439,000 | —Wednesday's (Year Ago) |
| US Iowa/Sthrn MN | \$64.56 |
| Western Corn Belt | \$64.31 |
| Daily National Price | \$65.57 |
| Daily Sig3(M.Leaf) | \$124.72 |
| Daily Sig4(M.Leaf) | \$123.14 |
| 4-Month Fwd Avg | \$128.29 |
| #1 Export Sows (+500lbs) | \$28.05/cwt |
| B of C Ex. Rate (Noon) | |
| \$1.0580 CAD / \$0.9452 US | |
| Cash Price (\$/cwt/ckg) | |
| Cash prices for week ending December 11th, 2009 | |
| 53.94 / 118.91 | Signature #3 |
| 52.41 / 115.55 | Signature #4 |
| 51.96 / 114.55 | MPMC Cash |
| 50.52 / 111.37 | Springhill |

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| | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|---|-------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 120.85 | 123.37 | 124.36 | 129.24 | 140.25 | 143.17 | 141.95 | 137.46 |
| | | - | - | - | - | - | - | - | - |
| | | 121.82 | 127.25 | 127.25 | 135.37 | 144.14 | 147.55 | 143.51 | 140.97 |
| Estimated Hog Margin | -3.49 | -1.72 | 2.58 | 3.58 | 8.26 | 15.89 | 17.25 | 15.65 | 10.88 |
| Soymeal Delivered | 407 | 399 | 396 | 396 | 391 | 391 | 391 | 391 | 393 |
| Corn Delivered | 168 | 170 | 172 | 174 | 176 | 178 | 180 | 182 | 184 |



Rothsay Animal Vegetable Feed Fat

\$563/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

