

Hog Margin Outlook

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Tuesday, January 05, 2010

Forward contract prices opened lower this morning. US packers started the New Year with sharply higher cash bids in an effort to lure early deliveries this week. Packers are attempting a huge slaughter for this week in order to meet their pork sales obligations and capture profits in a rising market. Wholesale pork prices will need to maintain their higher trend from last week in order for the cash market to continue higher. Nearby Lean Hog futures are expected to trade in a steady to higher trend as pork continues to benefit from being popular with value conscious consumers in times of economic uncertainty. The deferred contract months were lower in yesterday's trade, responding to the larger than expected supply data in last week's Hogs and Pigs Report.

Canadian delivered soymeal prices opened lower this morning. Even with yesterday's USDA Export Inspections Report showing a 45% drop from the previous week, the soy complex went on to trade higher yesterday and overnight. A low US Dollar and increased fund buying is helping soybeans maintain the recent bullish tone, though favourable conditions in South America are generating some resistance.

Canadian delivered corn prices opened lower this morning. Corn futures rallied sharply early yesterday—but went on to close only moderately higher, and lower overnight. Grains are seeing strength in general from fund buying and the US Dollar, though steady farmer selling is providing resistance. The Canadian Dollar is holding relatively steady from yesterday, opening around \$0.9635 US.

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

US Slaughter	
329,000—Monday's	
430,000—Monday's (Year Ago)	
US Iowa/Sthrn MN	\$65.58
Western Corn Belt	\$65.42
Daily National Price	\$64.62
Daily Sig3(M.Leaf)	\$124.45
Daily Sig4(M.Leaf)	\$119.04
4-Month Fwd Avg	\$128.67
#1 Export Sows (+500lbs) \$31.25/cwt	
B of C Ex. Rate (Noon)	
\$1.0378 CAD / \$0.9636 US	
Cash Price (S/cwt/ckg)	
Cash prices for week ending January 01st, 2010	
53.58 / 118.13 Signature #3	
52.98 / 116.80 Signature #4	
51.50 / 113.54 MPMC Cash	
49.19 / 108.44 Springhill	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		119.57	120.75	125.53	137.38	139.81	139.04	135.13	126.05
		-	-	-	-	-	-	-	-
		123.36	123.36	132.60	141.20	144.54	140.29	138.09	128.53
Estimated Hog Margin	0.09	3.47	5.10	9.62	17.14	18.73	17.37	14.52	8.68
Soymeal Delivered	395	383	383	374	374	377	377	375	370
Corn Delivered	171	173	175	177	179	181	183	185	187



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

