

Hog Margin Outlook

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Monday, January 11, 2010

Forward contract prices opened mixed this morning. Cash markets are expected to start the week higher as packers are competing for a relatively tight hog supply, with poor winter weather continuing to impede live hog deliveries. Packer margins are good and improving as the pork cut-out is being influenced higher by the lower valued pork primal cuts, such as the butts and picnics. Lean Hog futures are expected to trade steady to higher as stronger cash market fundamentals have traders more optimistic about seeing further gains for the spring and summer months. However, the Canadian Dollar continues to hold hog prices back with the Loonie gaining to over \$0.97US this morning. Our currency continues to strengthen as there are more signs of a global economic recovery, resulting in increased demand for commodities.

Canadian delivered soymeal prices opened lower this morning. A weaker US Dollar helped the soy complex see marginal gains overnight. Rally potential for soybeans remains somewhat limited due to tomorrow's impending WASDE Report, which is likely to show an increase in forecasted soybean production for the US. Continued strength for the Canadian Dollar is negating recent gains made by soy-meal future, bringing the 10-month average down to \$365/MT.

Canadian delivered corn prices opened higher this morning. Corn futures saw strong gains on Friday with a lower US Dollar and relatively steady crude oil pricing helping those gains continue into the overnight session. Analysts are expecting to see a slight drop in ending stocks for 2009/2010 corn, which should help it maintain its bullish tone.

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

US Slaughter	
2.081 Mill—Last Week's	
2.388 Mill—Last Week's (Year Ago)	
US Iowa/Sthrn MN	\$65.78
Western Corn Belt	\$66.11
Daily National Price	\$67.39
Daily Sig3(M.Leaf)	\$125.41
Daily Sig4(M.Leaf)	\$123.74
4-Month Fwd Avg	\$130.42
#1 Export Sows (+500lbs) \$31.25/cwt	
B of C Ex. Rate (Noon)	
\$1.0334 CAD / \$0.9667 US	
Cash Price (\$/cwt/ckg)	
Cash prices for week ending January 8th, 2010	
56.47 / 124.50 Signature #3	
54.50 / 120.15 Signature #4	
54.05 / 119.16 MPMC Cash	
52.51 / 115.76 Springhill	

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		120.26	120.40	125.13	138.46	140.11	139.92	135.29	126.30
		-	-	-	-	-	-	-	-
		124.05	124.05	133.73	142.72	145.55	140.87	138.98	128.77
Estimated Hog Margin	1.73	3.59	4.91	9.22	16.59	17.79	15.86	13.39	7.78
Soymeal Delivered	379	368	368	363	363	361	361	372	356
Corn Delivered	171	173	175	177	179	181	183	185	187



Rothsay Animal Vegetable Feed Fat

\$573/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

