

Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit

www.mpmc.mb.ca & www.spimg.ca

Tuesday, January 12, 2010

Forward contract prices opened lower this morning. US cash hog prices took a drop in early week trade as improved road conditions helped producers get more current with their hog deliveries. Packers had no trouble sourcing enough supplies for early week slaughter schedules and dropped their bids by about \$1.50/cwt. However, wholesale pork prices held their ground and could be poised to make further gains due to low inventory from recent weeks. Lean Hog futures are trading relatively steady, as traders are content with the current premium that the nearby contracts hold over the cash market. The Canadian Dollar was unable to maintain its gains to over 97 cents yesterday, as oil weakened slightly from recent highs. However, the Loonie is still trading just shy of its highest level in the last 12 months.

Canadian delivered soymeal prices opened lower this morning. This morning's WASDE Report showed a 10 million bushel decrease in US ending stocks (stemming from an increase in exports), not as dramatic of a reduction as analysts were expecting. World soybean ending stocks saw a 2.71 million MT boost due to a projected increase in foreign production. A 10-month delivered soymeal price is now sitting at roughly \$358/MT.

Canadian delivered corn prices opened lower this morning. Corn futures were marginally lower yesterday and substantially lower overnight. Corn saw a 2.3 bpa jump in yield and a 89 million bushel increase in US ending stocks. World ending stocks are projected at 136.19 million MT, up 3.85 million MT and enforcing the recent bearish tone.

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

US Slaughter	
430,000—Monday's	
418,000—Monday's (Year Ago)	
US Iowa/Sthrn MN	\$64.29
Western Corn Belt	\$64.38
Daily National Price	\$67.85
Daily Sig3(M.Leaf)	\$121.75
Daily Sig4(M.Leaf)	\$124.26
4-Month Fwd Avg	\$130.17
#1 Export Sows (+500lbs) \$32.50/cwt	
B of C Ex. Rate (Noon) \$1.0317 CAD / \$0.9693 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	

This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		119.98	120.49	125.22	138.01	139.92	139.77	134.05	125.05
		-	-	-	-	-	-	-	-
		123.77	123.77	133.28	142.28	145.12	140.72	138.82	127.60
Estimated Hog Margin	1.73	3.59	4.91	9.22	16.59	17.79	15.86	13.39	7.78
Soymeal Delivered	367	358	358	351	351	362	362	373	358
Corn Delivered	165	167	169	171	173	175	177	179	181



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

