

Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, January 14, 2010

Forward contract prices opened mixed this morning. US packers have alternated days with higher and lower bids so far this week, indicating the winter weather that interrupted early week deliveries continue to influence packer bids late this week. Pork prices jumped higher yesterday, with the greatest strength seen in the butts and bellies, relatively low value cuts. Lean Hog futures rallied just short of contract highs in the summer months. Traders reported heavy influence from large speculators or hedge funds. Technical analysis favours a long position in Lean Hogs with charts and most of the indicators showing “buy” signals. Currently, summer month contracts hold a US\$15/cwt premium over the cash market, which is in line with normal seasonality.

Canadian delivered soymeal prices opened higher this morning. Soybean futures erased yesterday’s moderate gains, trading lower overnight. This morning’s USDA Export Sales Report showed that China helped boost sales by 4% from last week, though the 4-week average is down 17%. Scattered showers for Brazil have analysts raising the possibility that too much moisture could be a detriment to harvest, but at this point it is not an imminent threat.

Canadian delivered corn prices opened lower this morning. Export sales for corn were down 10% from the previous week, with the 4-week average down 67%. The Canadian Dollar is trading around \$0.9730US this morning, helping to increase purchasing power. The cash price is down \$15/MT from one week ago, a level not seen since early October.

US Slaughter	
425,000	–Wednesday’s
435,000	–Wednesday’s (Year Ago)
US Iowa/Sthrn MN	\$65.10
Western Corn Belt	\$64.87
Daily National Price	\$68.23
Daily Sig3(M.Leaf)	\$122.74
Daily Sig4(M.Leaf)	\$125.00
4-Month Fwd Avg	\$133.74
#1 Export Sows (+500lbs)	\$32.50/cwt
B of C Ex. Rate (Noon)	
\$1.0322 CAD	/ \$0.9688 US
Cash Price (\$/cwt/kg)	
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)		124.49	124.97	129.69	140.56	141.73	140.60	136.35	127.37
		-	-	-	-	-	-	-	-
		128.26	128.26	135.83	144.81	147.64	142.21	139.66	129.85
Estimated Hog Margin	1.73	3.59	4.91	9.22	16.59	17.79	15.86	13.39	7.78
Soymeal Delivered	372	365	362	355	355	355	354	354	351
Corn Delivered	155	157	159	161	163	165	167	169	171



Rothsay Animal Vegetable Feed Fat

\$528/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

