

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, January 15, 2010

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

Forward contract prices opened lower this morning.

US Cash markets are finishing the week near steady, despite firmer wholesale pork prices. The pork cut-out gained more than \$2.00/cwt over the week as the lower valued cuts such as butt, and picnics provided the support. Lean Hog futures were mixed with the nearby contracts moving higher due to the stronger fundamentals in the cash market, while the deferred month contracts weakened in part due to the sharp drop in corn prices. In the longer term, hogs and corn have a positive correlation whereby hogs will move lower when corn values drop due to the impact of lower feed costs on production decisions. The Canadian Dollar is trading just shy of its highest level seen in the last 12 months, as indications of a stronger global economy has buoyed commodity prices in recent days. *Producers are reminded that there will not be an HMO on Monday due to US markets being closed. Forward contracting and feed will also not be available.*

Weekly Comparison	
WCB Cash (cwt)	- \$2.00
ISM Cash (cwt)	- \$2.09
Forward Prices (ckg)	+ \$0-2
\$CDN Dollar (Per US\$)	+ 0.0085

Canadian delivered soymeal prices opened lower this morning.

Soymeal futures saw gains early in the day and closed moderately lower yesterday. Losses for the soy complex over the past week along with continued strength for the Canadian Dollar has helped bring delivered soymeal prices down substantially. A February to October average is now sitting at roughly \$350/MT, down \$17/MT from last Friday.

Canadian delivered corn prices opened steady this morning.

Weak export demand and increased farmer selling pushed corn futures lower yesterday and overnight. Crude oil dropped below \$79US in the overnight session, adding further bearish pressure to corn. The cash price is down \$14/MT from last Friday.

US Slaughter	
427,000	Thursday's
428,000	Thursday's (Year Ago)
US Iowa/Sthrn MN	\$64.63
Western Corn Belt	\$64.94
Daily National Price	\$68.00
Daily Sig3(M.Leaf)	\$122.14
Daily Sig4(M.Leaf)	\$123.85
4-Month Fwd Avg	\$132.58
#1 Export Sows (+500lbs)	\$32.50/cwt
B of C Ex. Rate (Noon)	
\$1.0261 CAD / \$0.9746 US	
Cash Price (\$/cwt/ckg)	
Cash prices for week ending January 15th, 2010	
55.77 / 122.96	Signature #3
56.32 / 124.17	Signature #4
54.05 / 119.16	MPMC Cash
52.00 / 114.65	Springhill

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	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		123.55	123.74	128.43	139.34	140.58	139.74	135.33	127.36
		-	-	-	-	-	-	-	-
		127.31	127.31	134.66	143.56	146.37	141.05	138.80	129.20
Estimated Hog Margin	3.43	5.31	7.09	11.54	18.38	19.80	17.62	15.42	10.17
Soymeal Delivered	371	363	361	350	350	350	350	347	345
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

