

Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
www.mpmc.mb.ca & www.spimg.ca

Thursday, January 21, 2010

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

| US Slaughter | |
|---|----------|
| 421,000—Wednesday's | |
| 422,000—Wednesday's (Year Ago) | |
| US Iowa/Sthrn MN | \$69.77 |
| Western Corn Belt | \$69.22 |
| Daily National Price | \$69.12 |
| Daily Sig3(M.Leaf) | \$132.95 |
| Daily Sig4(M.Leaf) | \$128.56 |
| 4-Month Fwd Avg | \$137.12 |
| #1 Export Sows (+500lbs) \$32.55/cwt | |
| B of C Ex. Rate (Noon) \$1.0478 CAD / \$0.9544 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 | |

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.

Forward contract prices opened mixed this morning. US packers got in a bidding war yesterday, as they chased hog supplies in an effort to maximize their production schedule. Cash bids jumped by more than \$3.00/cwt in some regions, with the carcass cut-out matching the gains. Estimated operating margins are near \$18/hog, very strong for this time of year and providing the incentives to aggressively seek out new suppliers. Pork markets have performed far better than was expected as demand, both domestic and export, are improving amid the challenging economic conditions. The Canadian Dollar provided a reprieve from its recent highs as commodity markets weakened on concerns that China's economy could see slower growth than was originally expected in the economic recovery.

Canadian delivered soymeal prices opened higher this morning. After trading lower yesterday, the soy complex went on to trade moderately higher overnight despite a higher US Dollar. South American soybean growing areas are forecasted to see hot temperatures and no precipitation through into early next week, which at this point is generating minimal concern, but could stress the crop if it becomes a long term trend.

Canadian delivered corn prices opened lower this morning. Corn traded flat overnight after trading marginally lower yesterday. Traders were anticipating an increase in sales in today's USDA Export Sales Report, but corn is down 10% from last week and 67% down from the previous 4-week average. The Canadian Dollar is sitting relatively unchanged from Wednesday morning, trading around \$0.9550 US.

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|---|------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 129.96 | 126.62 | 131.42 | 142.84 | 144.34 | 144.15 | 138.19 | 129.07 |
| | | | - | - | - | - | - | - | - |
| | | | 129.96 | 138.04 | 147.16 | 150.04 | 145.11 | 143.19 | 131.53 |
| Estimated Hog Margin | 3.43 | 5.31 | 7.09 | 11.54 | 18.38 | 19.80 | 17.62 | 15.42 | 10.17 |
| Soymeal Delivered | 377 | 369 | 367 | 353 | 353 | 350 | 350 | 349 | 344 |
| Corn Delivered | 154 | 156 | 158 | 160 | 162 | 164 | 166 | 168 | 170 |



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

