

Hog Margin Outlook

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Monday, January 25, 2010

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

US Slaughter	
2.182 Mill—Last Week's	
2.242 Mill—Last Week's (Year Ago)	
US Iowa/Sthrn MN	\$65.88
Western Corn Belt	\$66.25
Daily National Price	\$70.24
Daily Sig3(M.Leaf)	\$128.29
Daily Sig4(M.Leaf)	\$131.71
4-Month Fwd Avg	\$136.25
#1 Export Sows (+500lbs) \$32.55/cwt	
B of C Ex. Rate (Noon)	
\$1.0567 CAD / \$0.9466 US	
Cash Price (\$/cwt/ckg)	
Cash prices for week ending January 22nd, 2010	
58.09 / 128.07 Signature #3	
57.42 / 126.58 Signature #4	
56.40 / 124.33 MPMC Cash	
53.93/118.89 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

Forward contract prices opened mixed this morning. US cash markets are called to open lower to start the week, but impressive packer margins could see a quick recovery in cash bids. The difference between the amount paid for a hog and the aggregate revenue generated from the sale of the primal cuts is over \$20/hog, the largest gross margin seen in months. Lean Hog futures are gaining in response to the USDA's Cold Storage Report released on Friday that showed January 1st stocks of pork down 15% from last year's levels. The Report confirmed the impressive growth in demand that has occurred over the year as pork production has been running only marginally lower than last year. The Canadian Dollar is gaining strength on higher oil prices, but is still down more than 2 cents from recent highs seen a week ago.

Canadian delivered soymeal prices opened lower this morning. The soy complex traded marginally higher in the overnight session. Major soybean growing areas in South America are expected to see the hot and dry weather continue through this week, though a return to seasonal temperatures and minimal precipitation by early next week should limit the possibility of crop damage. A 9-month average for delivered soymeal is now up to \$356/MT.

Canadian delivered corn prices opened higher this morning. Corn futures traded slightly higher overnight after trading moderately lower on Friday. Continued weakness in crude oil is providing a negative tone for corn. Recent weakness in the Canadian Dollar is limiting purchasing power and pushing the cash price higher from Friday morning.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)			123.96	128.81	141.29	144.44	142.31	137.94	126.78
			-	-	-	-	-	-	-
			127.36	136.44	145.66	148.57	143.47	140.85	129.20
Estimated Hog Margin	4.87	7.29	8.33	12.50	19.44	21.12	19.59	16.89	10.80
Soymeal Delivered	375	369	366	356	356	354	354	353	350
Corn Delivered	157	159	161	163	165	167	169	171	173



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

