

# Hog Margin Outlook

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Tuesday, January 26, 2010

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

US Slaughter	
425,000—Monday's	
422,000—Monday's (Year Ago)	
US Iowa/Sthrn MN	\$64.54
Western Corn Belt	\$65.05
Daily National Price	\$70.11
Daily Sig3(M.Leaf)	\$126.18
Daily Sig4(M.Leaf)	\$131.68
4-Month Fwd Avg	\$134.16
#1 Export Sows (+500lbs)	\$35.00/cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0582 CAD / \$0.9450 US	
<b>Cash Price (\$/cwt/pkg)</b>	
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 lower this morning.

Cash markets are trading lower again this morning as packers are protecting their margins by attempting to match weakness in wholesale pork prices. There is widespread weakness in all of the pork cuts, with all of the primal cuts moving lower. However, wholesale pork prices are still well above last year's levels with hams up close to 80% and loins up over 20%. Summer month Lean Hog futures reacted negatively to the weaker cash market, and are down close to \$5.00/cwt from recent contract highs. Volatility is starting to increase in the Canadian Dollar as we are now down more than 3 cents from the highs earlier this month. Weaker oil prices and little risk of high inflation in the near term have kept a lid on gains.

## Canadian delivered soymeal prices opened lower this morning.

Soybean futures traded moderately lower yesterday and went on to close lower overnight as well with a bearish influence coming from a stronger US Dollar and weakness in energy markets. The Canadian Dollar has slipped lower overnight, trading around \$0.94US this morning, minimizing the impact of recent losses for the soy complex.

## Canadian delivered corn prices opened steady this morning.

After closing higher yesterday, corn erased its gains overnight. Yesterday's USDA Export Inspections Report showed a 34% drop from last week. Stormy weather has created delays for feed delivery, with highway closures on both sides of the border. Producers considering a cash load late this week are encouraged to order as soon as possible.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)			121.73	126.58	139.27	142.66	140.19	135.15	124.00
			-	-	-	-	-	-	-
			125.13	134.43	143.63	146.54	141.74	138.73	126.50
Estimated Hog Margin	4.87	7.29	8.33	12.50	19.44	21.12	19.59	16.89	10.80
Soymeal Delivered	372	366	363	353	353	352	352	355	349
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

