

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, January 28, 2010

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

US Slaughter	
428,000—Wednesday's	
433,000—Wednesday's (Year Ago)	
US Iowa/Sthrn MN	\$64.44
Western Corn Belt	\$64.53
Daily National Price	\$70.12
Daily Sig3(M.Leaf)	\$126.05
Daily Sig4(M.Leaf)	\$132.65
4-Month Fwd Avg	\$133.15
#1 Export Sows (+500lbs) \$35.00/cwt	
B of C Ex. Rate (Noon)	
\$1.0657 CAD / \$.9384 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	

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Forward contract prices opened higher this morning. US cash markets weakened further with a 10% drop in the pork cut-out being a significant factor in packer demand. Packers have had little difficulty sourcing the live supplies required for their daily slaughter schedules, but winter road conditions entering into Iowa may slow deliveries enough to trigger a late week price improvement. Pork has given back all of the gains it made early in the month, reflecting an abnormally large price swing for this time of year. Lean Hog futures are currently trading at an average premium over the cash market, but the charts represent a new bearish trend. Forward contract prices held firm in yesterday's trade as the Canadian Dollar continues to lose value against its US counterpart with lower commodity prices and reduced inflation risk being important factors in foreign exchange markets.

Canadian delivered soymeal prices opened lower this morning. Sharp losses yesterday were followed by marginal gains in the overnight session. Argentina is forecasted to see some relief in the upcoming days from the recent stretch of hot and dry weather. This morning's USDA Export Sales Report showed a 28% drop from the previous week, helping keep the underlying tone bearish for US soybeans.

Canadian delivered corn prices opened lower this morning. Corn futures have seen sharp losses in the wake of the WASDE Report—pushing to lows not seen since early last October. Export sales came in below expectations, dropping 44% from last week. Crude oil continues to be unsupportive of corn pricing, trading as low as \$73.35US a barrel overnight.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		120.45	125.34	138.43	141.85	141.02	135.74	124.50	119.58
		-	-	-	-	-	-	-	-
		123.58	133.55	142.83	145.76	141.50	139.55	127.01	125.54
Estimated Hog Margin	7.29	8.33	12.50	19.44	21.12	19.59	16.89	10.80	744
Soymeal Delivered	371	363	353	353	351	351	351	349	347
Corn Delivered	154	156	158	160	162	164	166	168	170



Rothsay Animal Vegetable Feed Fat

\$528/tonne ↔ (2 – 19 mt)

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