

# Hog Margin Outlook

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Monday, February 08, 2010

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

US Slaughter	
2.149 Mill—Last Week's	
2.216 Mill—Last Week's (year ago)	
US Iowa/Sthrn MN	\$63.59
Western Corn Belt	\$63.93
Daily National Price	\$66.35
Daily Sig3(M.Leaf)	\$125.68
Daily Sig4(M.Leaf)	\$126.31
4-Month Fwd Avg	\$134.63
#1 Export Sows (+500lbs) \$37.90/cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0725CAD / \$0.9324 US	
<b>Cash Price (\$/cwt/ckg)</b> Cash prices for week ending February 5th, 2010	
56.11 / 123.71 Signature #3	
57.82 / 127.46 Signature #4	
55.34 / 122.00 MPMC Cash	
52.88 / 116.58 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 higher this morning.** US cash prices are starting the week slightly higher as some packers are short on supplies for mid-week, despite the recently reduced slaughter levels. Last week's slaughter was estimated at 2.15 million hogs, down more than 3% from last year's levels. Hog supplies have been consistently under the estimates of the USDA's December Report, but some analysts believe that this is temporary and that hog numbers will be closer to USDA estimates for the spring. Lean Hog futures will see direct influence from Tuesday's WASDE Report that is expected to show growing supplies of corn. Deferred month contracts will come under pressure as traders see cheaper corn contributing to increasing pork production for the last half of the year.

**Canadian delivered soymeal prices opened higher this morning.** After marginal losses on nearby contracts on Friday, soybeans went on to trade sharply higher in the overnight session. This bullish movement is fuelled by an expected adjustment lower in ending stocks in tomorrow's WASDE Report stemming from a possible increase in exports. The 9-month average is now \$349/MT.

**Canadian delivered corn prices opened steady this morning.** Corn's losses from Friday were erased in the overnight session, with help from a lower US Dollar. South America is forecasted to see scattered precipitation to start off the week, which should keep crop stress to a minimum. The Canadian Dollar is trading relatively steady this morning from Friday's close, sitting just above \$0.9350 US.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		118.92	123.84	137.94	141.39	141.22	137.29	127.60	123.44
		-	-	-	-	-	-	-	-
		120.40	133.03	142.37	145.51	141.71	140.39	130.13	128.66
Estimated Hog Margin	7.57	5.11	9.83	17.32	19.78	18.48	15.95	9.09	6.39
Soymeal Delivered	364/360	360	348	348	346	346	347	346	340
Corn Delivered	153	155	157	159	161	163	165	167	169



**Rothsay Animal Vegetable Feed Fat**

**\$493/tonne ↓ (2 – 19 mt)**

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