



Hog Margin Outlook

Meeting Your Marketing Needs

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



Wednesday, February 10, 2010

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

US Slaughter	
421,000—Tuesday's	
427,000—Tuesday's (year ago)	
US Iowa/Sthrn MN	\$66.17
Western Corn Belt	\$66.43
Daily National Price	\$66.50
Daily Sig3(M.Leaf)	\$130.17
Daily Sig4(M.Leaf)	\$126.18
4-Month Fwd Avg	\$135.54
#1 Export Sows (+500lbs) \$44.50/cwt	
B of C Ex. Rate (Noon) \$1.0690CAD / \$0.9355 US	
Cash Price (\$/cwt/ckg) 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	

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Forward contract prices opened lower this morning. US cash markets shot higher yesterday as packers scrambled to meet their slaughter schedule for this week. Hog supplies continue to run well under last year's levels, reflecting a divergence from the USDA's December Hog and Pig Report. Wholesale pork prices are stagnant, with the current pork cut-out running at just over \$68.00/cwt. As a result, operating margins are estimated at less than \$4.00/hog, likely too small to cover off the fixed costs of hog slaughter. The April Lean Hog futures do not suggest much optimism as they are trading steady with the current cash market. Summer month futures reflect an improvement, representing a normal relationship with the cash market at this time of year.

Canadian delivered soymeal prices opened lower this morning. Soybeans traded slightly lower yesterday and overnight, with South America's bumper soybean crop overshadowing yesterday's bullish adjustment to US ending stocks. The Canadian Dollar opened at \$0.9395US this morning, up almost 1/2 a cent from yesterday's open. A 9-month delivered average is now sitting at \$443/MT, down \$6/MT from Monday.

Canadian delivered corn prices opened lower this morning. Corn futures saw modest gains yesterday and went on to trade marginally lower in the overnight session. After yesterday's report yielded considerably supportive data, such a mild rally for corn futures may be an indication that corn pricing will see more weakness as we head into the spring. A stronger Canadian Dollar this morning is helping move the cash price down once again.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)		119.32	124.22	138.72	142.15	143.16	139.24	129.14	125.10
		-	-	-	-	-	-	-	-
		120.79	133.82	143.13	147.66	143.74	141.88	131.66	130.19
Estimated Hog Margin	7.57	5.11	9.83	17.32	19.78	18.48	15.95	9.09	6.39
Soymeal Delivered	356	354	341	341	341	341	344	339	333
Corn Delivered	151	153	155	157	159	161	163	165	167

h@ms Producer Meetings

- Swift Current—Feb 16th @ The Days Inn (noon)
- Saskatoon—Feb 17th @ The Travelodge (noon)

Lunch will be served at both meetings.