

# Hog Margin Outlook

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Monday, May 17, 2010

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

US Slaughter	
1.948 Mill. – Last Week's	
2.073 Mill. - Last Week's (year ago)	
US Iowa/Sthrn MN	\$85.15
Western Corn Belt	\$82.91
Daily National Price	\$86.71
Daily Sig3(M.Leaf)	\$157.20
Daily Sig4(M.Leaf)	\$159.20
4-Month Fwd Avg	\$145.37
#1 Export Sows (+500lbs)	\$56.00 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0344CAD / \$0.9656US	
<b>Cash Prices: Week Ending May 14th, 2010</b>	
72.16/159.08 Signature #3	
72.09/159.08 Signature #4	
71.12/156.79 MPMC Cash	
68.85/151.79 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 without the consent of the author.*

**Forward contract prices opened lower this morning.** U.S. cash markets dropped sharply on Friday with the Iowa/Southern Minnesota region recording a \$4.36 drop in their afternoon weighted average price. Wholesale pork prices moved in the opposite direction posting a gain of \$1.00/cwt, triggering a surge in estimated packer margins to close to \$18.00 per hog. Cash bids are expected to recover some of last week's losses due to the stronger pork cut-out that reflects the month's end Memorial Day weekend, which analysts refer to as the start of the grilling season. However, the cash market typically loses some strength after the Memorial Day holiday, reflecting a temporary dip in retail demand. Forward prices are expected to trade steady to higher this morning, as futures are running near their normal relationship with the cash market and the Canadian Dollar is seeing some weakness.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is trading lower this morning as the U.S. Dollar continues to strengthen. Warm and dry weather forecasts for the next ten days are also weighing on soybean prices, together with a steady planting pace, and good crop development.

**Canadian delivered corn prices opened lower this morning.** Corn markets opened lower this morning as a result of favorable weather forecasts in the Midwest combined with a lack of fresh export demand from China. As well, strength in the U.S. Dollar together with a drop in crude oil futures has left corn with a bearish outlook.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Fixed Forward Range: (Maple Leaf Sig. #3)		151.37	150.42	149.38	137.27	130.25	121.25	113.87	119.09
		151.84	151.75	150.99	139.64	137.44	128.82	125.98	126.20
(Maple Leaf Sig. #4)		148.05	147.41	146.49	136.60	129.43	120.44	118.54	118.08
		148.23	148.78	149.42	141.36	135.11	127.23	126.86	123.59
Estimated Hog Margin		27.98	27.28	26.03	18.50	15.70	10.30	9.27	10.52
Soymeal Delivered	356	344	343	354	350	325	325	325	326
Corn Delivered	152	154	156	158	160	162	160	160	160



## Rothsay Animal Vegetable Feed Fat

\$628/tonne ↑ (2 – 19 mt)

To place your order call 1-866-768-4729

\*Price quoted is FOB Southeast Manitoba

