

# Hog Margin Outlook

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Wednesday, May 19, 2010

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

**Forward contract prices opened lower this morning.** Cash markets are expected to remain soft over the next few weeks as retail orders to meet Memorial Day demand will largely be met by the end of this week. However, preventing significant weakness is the normal seasonal trend to tighter hog supplies over the next 3 weeks. Lean Hog futures are trading at a slight discount to US cash prices, with traders hesitant to put any premium on the June and July contracts while the cash market trends lower. In addition, traders are apprehensive about the weak US economy and its impact on domestic meat demand. The Canadian Dollar has seen weakness in the last several days of trade, as there is speculation that the Bank of Canada may not increase interest rates at its next meeting due to the prospect of slower economic growth and lower risk of inflation.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is trading lower this morning as planting progress is expected to increase, contributing to the expectation of record U.S. soybean yields. As well, a decrease in both export and domestic demand is capping upside potential.

**Canadian delivered corn prices opened higher this morning.** Corn markets opened higher this morning as China made another purchase of U.S. corn. This, together with Monday's USDA Crop Report, which stated lower than expected ratings ("good to excellent") have contributed to corn's bullish movement.

US Slaughter	
399,000 – Tuesday's	
416,000 - Tuesday's (year ago)	
US Iowa/Sthrn MN	\$82.87
Western Corn Belt	\$83.02
Daily National Price	\$86.08
Daily Sig3(M.Leaf)	\$157.20
Daily Sig4(M.Leaf)	\$157.83
4-Month Fwd Avg	\$146.30
#1 Export Sows (+500lbs)	\$54.00 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0330CAD / \$.9670US	
<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.*

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		151.85	150.89	150.79	138.50	132.36	123.23	116.32	121.62	129.32
		152.33	151.37	151.75	140.90	138.81	130.92	128.04	128.84	131.25
(Maple Leaf Sig. #4)		148.53	147.88	147.88	137.84	131.53	122.40	121.03	120.57	128.03
		148.72	149.27	150.85	142.67	136.47	129.30	128.92	126.17	129.43
Estimated Hog Margin		25.81	25.10	23.27	16.99	14.32	8.73	8.05	10.03	14.38
Soymeal Delivered	355	345	344	355	346	325	323	323	329	330
Corn Delivered	156	158	160	162	164	166	164	164	164	164

## 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

