

Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, May 20, 2010

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

Forward contract prices opened lower this morning. U.S. packers have significantly reduced their production hours this week, resulting in less competition for live hogs. This week's slaughter is expected to come in at 1.98 million hogs, approximately 4% smaller than one year ago levels. Wholesale pork prices dropped sharply yesterday as we started to see retailers pull back from the market after their orders for the Memorial Day demand have been met. All of the higher valued grilling cuts as well as hams and bellies have dropped from the highs seen last week. Lean Hog futures broke their losing trend yesterday with the help of a confirmed order from China for U.S. pork, shifting the balance of fundamental factors to a more bullish outlook. The Canadian Dollar is trading under U.S.\$0.94 this morning triggering more than \$2.00/kg improvement in forward prices.

Canadian delivered soymeal prices opened lower this morning. The soybean complex opened steady to lower this morning as weather forecasts for warm and dry conditions in the U.S. are resulting in planting expansion. This bearish movement is limited, however, by a lack of farmer selling and reports that China switched the origin of soybean exports from Brazil to the

Canadian delivered corn prices opened lower this morning. Corn futures are trading slightly lower this morning as weather conditions continue to be favorable for developing crops. As well, a drop in crude oil prices together with a stronger U.S. Dollar has contributed to this bearish movement. Lingering talk of China buying more U.S. corn capped losses.

US Slaughter	
400,000 – Wednesday's	
414,000 - Wednesday's (year ago)	
US Iowa/Sthrn MN	\$82.47
Western Corn Belt	\$82.62
Daily National Price	\$85.55
Daily Sig3(M.Leaf)	\$159.24
Daily Sig4(M.Leaf)	\$159.67
4-Month Fwd Avg	\$148.10
#1 Export Sows (+500lbs)	\$54.00 cwt
B of C Ex. Rate (Noon)	\$1.0515CAD / \$0.9485US
Cash Prices: Week Ending May 14th, 2010	
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)		153.92	152.94	152.81	140.11	132.91	123.61	117.39	122.77	130.61
		154.41	153.43	153.78	142.55	140.24	131.44	128.50	130.12	132.57
(Maple Leaf Sig. #4)		150.57	149.87	149.68	139.46	132.11	122.83	122.21	121.74	129.33
		150.75	151.32	152.70	144.38	137.89	129.84	129.46	127.43	130.75
Estimated Hog Margin		25.81	25.10	23.27	16.99	14.32	8.73	8.05	10.03	14.38
Soymeal Delivered	363	348	343	352	346	327	318	318	331	332
Corn Delivered	154	156	158	160	162	164	162	162	162	162

Rothsay Animal Vegetable Feed Fat

\$608/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

