

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, May 26, 2010

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

US Slaughter	
394,000 – Tuesday's	
433,000 - Tuesday's (year ago)	
US Iowa/Sthrn MN	\$78.29
Western Corn Belt	\$78.43
Daily National Price	\$83.11
Daily Sig3(M.Leaf)	\$154.95
Daily Sig4(M.Leaf)	\$159.00
4-Month Fwd Avg	\$149.15
#1 Export Sows (+500lbs) \$52.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0778CAD / \$0.9222US	
<b>Cash Prices: Week Ending May 21st, 2010</b>	
71.80/158.28 Signature #3	
72.40/159.62 Signature #4	
70.93/156.37 MPMC Cash	
67.69/149.22 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 continue to trend lower as packers have seemingly no interest in adding to their slaughter schedules at the expense of paying more for live animals. Wholesale pork prices have been able to hold steady despite the weakness in cash markets largely due to the reduced amount of product hitting the market. Beef may be the culprit, indirectly causing the lower trend by receiving the larger share of Memorial Day meat promotions, as retailer margins on pork are small relative to historic levels. Lean Hog futures are recovering some of yesterday's losses after being influenced lower from the weaker stock markets. The Canadian Dollar is up sharply this morning recovering from the weak trend due to the overwhelming influence of the European debt crisis.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is trading lower this morning as a lack of fresh export demand is creating bearish movement. With 24% of soybeans in the U.S. emerged as of May 23, excellent growing conditions in much of the Midwest are expected to push prices lower throughout the week.

**Canadian delivered corn prices opened higher this morning.** Corn markets opened higher this morning despite Monday's USDA Crop Report findings of 71% corn crop emergence in the U.S. Increases in crude oil futures contributed to this bullish movement, however, gains are expected to be capped by firmness in the U.S. Dollar compared to most other currencies.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Fixed Forward Range (Maple Leaf Sig. #3)		155.37	154.40	154.53	142.66	136.19	126.95	119.29	124.64	132.42
		155.37	155.02	155.80	145.10	142.65	134.73	131.81	131.94	134.37
(Maple Leaf Sig. #4)		152.15	151.53	151.53	141.92	135.27	126.04	123.99	123.52	131.06
		152.15	152.72	155.11	146.82	140.21	133.01	132.63	129.18	132.47
Estimated Hog Margin		25.81	25.10	23.27	16.99	14.32	8.73	8.05	10.03	14.38
Soymeal Delivered	372	357	357	354	351	329	326	326	335	336
Corn Delivered	160	162	164	166	168	170	168	168	168	168



## 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

