

Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, May 27, 2010

Hog Prices: ↓ **Soymeal:** ↑

Corn: ↑ **Cdn Dollar:** ↓

| US Slaughter | |
|---|----------|
| 395,000 – Wednesday's | |
| 430,000 - Wednesday's (year ago) | |
| US Iowa/Sthrn MN | \$77.12 |
| Western Corn Belt | \$77.18 |
| Daily National Price | \$82.36 |
| Daily Sig3(M.Leaf) | \$150.68 |
| Daily Sig4(M.Leaf) | \$155.71 |
| 4-Month Fwd Avg | \$148.99 |
| #1 Export Sows (+500lbs) \$52.00 cwt | |
| B of C Ex. Rate (Noon) \$1.0651CAD / \$0.9349US | |
| Cash Prices: Week Ending May 21st, 2010 | |
| 71.80/158.28 Signature #3 | |
| 72.40/159.62 Signature #4 | |
| 70.93/156.37 MPMC Cash | |
| 67.69/149.22 Springhill | |

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Forward contract prices opened lower this morning. Cash markets continue lower as packers are steadfast about their kill schedule this week. The balance of power in the cash market has swung over to the packers in the U.S. This a result of producers who have recently been holding out for higher prices by delaying marketing, now being forced to deliver hogs at a lower price in order to free up space in their barns. However, wholesale pork prices have maintained a near steady trend, providing some support for a quick recovery. Lean Hog futures made good gains yesterday following most commodity and stock markets. The Canadian Dollar continues to see huge volatility and its direction is largely dependant on the outcome of the EU debt crisis, which will not be known for certain for some time.

Canadian delivered soymeal prices opened higher this morning. The soybean meal markets opened higher this morning as a result of tight old-crop inventories and a lack of farmer selling. However, gains are expected to be capped by the absence of fresh export demand and the rapid development of seedlings. Gains in crude oil futures are also contributing to soymeal's bullish movement.

Canadian delivered corn prices opened higher this morning. Corn markets are trading higher this morning on support from climbing crude oil futures and a weakened U.S. Dollar. As well, current fading of the El Nino weather pattern in the U.S. is contributing to upside movement for corn prices. Hot and dry conditions generally follow El Nino, prompting traders to keep a risk premium in the market.

| | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|---|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 154.30 | 153.33 | 154.46 | 142.75 | 136.14 | 126.91 | 118.52 | 123.87 | 131.64 |
| | | 154.30 | 154.94 | 155.86 | 145.18 | 142.78 | 134.68 | 131.77 | 131.16 | 133.59 |
| (Maple Leaf Sig. #4) | | 151.11 | 151.30 | 151.45 | 141.99 | 135.22 | 126.00 | 123.24 | 122.77 | 130.30 |
| | | 151.11 | 152.39 | 155.16 | 146.88 | 140.33 | 132.96 | 132.58 | 128.42 | 131.72 |
| Estimated Hog Margin | | 25.81 | 25.10 | 23.27 | 16.99 | 14.32 | 8.73 | 8.05 | 10.03 | 14.38 |
| Soymeal Delivered | 367 | 354 | 357 | 353 | 348 | 326 | 325 | 325 | 332 | 333 |
| Corn Delivered | 161 | 163 | 165 | 167 | 169 | 171 | 169 | 169 | 169 | 169 |



Rothsay Animal Vegetable Feed Fat

\$618/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

