

Hog Margin Outlook

Meeting Your Marketing Needs

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

Friday, May 28, 2010

Hog Prices: ↓ **Soymeal:** ↓

Corn: ↓ **Cdn Dollar:** ↓

| US Slaughter | |
|---|----------|
| 396,000 – Thursday's | |
| 427,000 - Thursday's (year ago) | |
| US Iowa/Sthrn MN | \$76.37 |
| Western Corn Belt | \$76.49 |
| Daily National Price | \$81.71 |
| Daily Sig3(M.Leaf) | \$147.16 |
| Daily Sig4(M.Leaf) | \$152.23 |
| 4-Month Fwd Avg | \$148.01 |
| #1 Export Sows (+500lbs) \$52.00 cwt | |
| B of C Ex. Rate (Noon) \$1.0493CAD / \$0.9507US | |
| Cash Prices: Week Ending May 28th, 2010 | |
| 69.24/152.64 Signature #3 | |
| 71.08/156.70 Signature #4 | |
| 68.56/151.14 MPMC Cash | |
| 65.84/145.14 Springhill | |

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Forward contract prices opened lower this morning. U.S. cash markets showed no sign of reversing their lower trend this week, dropping about U.S.\$6.00/cwt (approximately 9%) from last week. Wholesale pork prices have been significantly stronger, reflecting the reduced production levels and a bump in retail demand related to this weekend's U.S. Memorial Day holiday. The result of the divergent trends in live hog and wholesale pork prices are near record large packer margins for this time of year. Lean Hog futures are starting the day slightly higher but remain cautious in creating too large a premium in the summer month contracts. The Canadian Dollar continues to have the largest influence on hog prices, with the recent trend being higher. At today's levels, each one cent appreciation in the loonie has the impact of weakening hog prices by about \$1.50/pkg. There will be no Hog Margin Outlook on Monday as the markets are closed due to Memorial Day in the U.S.

Canadian delivered soymeal prices opened lower this morning. The soybean complex is trading lower this morning despite continued increases in crude oil futures and equities. As well, losses are expected to be limited by tightening old-crop supplies. Warm weather, allowing for increased planting and seedling emergence is the major cause behind this downward shift.

Canadian delivered corn prices opened lower this morning. Corn markets shifted overnight, and are now trading lower under pressure from uncertain Chinese demand approaching Memorial Day Weekend. China's cancellation of a recent corn purchase from the U.S. together with improved growing conditions in their country may be forecasting a bearish trend for corn.

| | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb |
|---|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 154.38 | 153.41 | 153.13 | 140.54 | 135.41 | 126.27 | 123.57 | 125.98 | 133.71 |
| | | 154.38 | 153.89 | 154.47 | 144.86 | 141.73 | 133.97 | 131.08 | 133.22 | 135.64 |
| (Maple Leaf Sig. #4) | | 151.17 | 150.14 | 150.14 | 140.75 | 134.48 | 125.35 | 125.27 | 124.80 | 132.28 |
| | | 151.17 | 151.72 | 153.77 | 146.51 | 139.29 | 132.25 | 131.88 | 130.41 | 133.68 |
| Estimated Hog Margin | | 25.81 | 25.10 | 23.27 | 16.99 | 14.32 | 8.73 | 8.05 | 10.03 | 14.38 |
| Soymeal Delivered | 362 | 353 | 356 | 352 | 348 | 322 | 321 | 321 | 323 | 324 |
| Corn Delivered | 160 | 162 | 164 | 166 | 168 | 170 | 168 | 168 | 168 | 168 |



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

