

# Hog Margin Outlook

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Wednesday, June 16, 2010

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

**Forward contract prices opened higher this morning.** Yesterday's U.S. slaughter came in under 400,000 hogs, possibly reflecting the tighter supplies that are expected for July, compared to last year's daily slaughter in mid-June, which was over 415,000. Packers that are hesitant to cut back on their production schedules due to good operating margins will likely be forced to bid the cash market higher in order to secure supplies. Nearby Lean Hog futures already have a premium built into them with both the July and August contracts trading \$4.00 higher than the current cash market. Deferred month contracts are trading at a fair price when compared to normal seasonality, as traders reference a sow slaughter that reflects little to no expansion in the breeding herd. The Canadian Dollar is maintaining its value near the highest level in 5 weeks at over \$0.97 U.S.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex continued its upward trend this morning following talk of China seeking soybeans from both South America and the U.S. Lack of farmer selling combined with strong domestic demand is also fueling the bullish movement. Favorable growing conditions in the Midwest are expected to cap upside potential.

**Canadian delivered corn prices opened steady this morning.** Corn markets are trading steady this morning as a fundamentally bearish outlook for corn was challenged by current hot and dry conditions in China. Weather conditions over the next 6-10 days will be a determining factor, as further development before pollination is necessary.

US Slaughter	
393,000	– Tuesday's
417,000	– Tuesday's (year ago)
US Iowa/Sthrn MN	\$75.72
Western Corn Belt	\$75.64
Daily National Price	\$77.84
Daily Sig3(M.Leaf)	\$142.64
Daily Sig4(M.Leaf)	\$142.15
4-Month Fwd Avg	\$141.67
#1 Export Sows (+500lbs)	\$51.75 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0288CAD / \$0.9720US	
<b>Cash Prices: Week Ending June 11th, 2010</b>	
65.43/144.25	Signature #3
66.18/145.90	Signature #4
64.60/142.41	MPMC Cash
62.46/137.70	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.*

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Fixed Forward Range (Maple Leaf Sig. #3)		149.03	148.56	138.38	134.01	125.04	122.36	124.72	131.33	127.74
		149.03	152.05	142.62	139.49	132.59	129.76	130.85	133.21	131.52
(Maple Leaf Sig. #4)		146.24	146.05	138.57	133.06	124.10	122.33	124.61	129.73	128.27
		146.97	148.98	144.23	137.08	130.87	130.50	128.09	131.56	129.91
Estimated Hog Margin		22.76	22.85	16.45	14.86	10.12	10.13	11.82	16.29	15.77
Soymeal Delivered	359	358	360	363	335	333	333	322	324	324
Corn Delivered	153	155	157	159	161					

## Rothsay Animal Vegetable Feed Fat

\$613/tonne ↔ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

