

# Hog Margin Outlook

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Thursday, April 29, 2010

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

US Slaughter	
410,000 – Wednesday's	
413,000- Wednesday's (year ago)	
US Iowa/Sthrn MN	\$83.58
Western Corn Belt	\$83.93
Daily National Price	\$83.86
Daily Sig3(M.Leaf)	\$155.81
Daily Sig4(M.Leaf)	\$150.76
4-Month Fwd Avg	\$147.33
#1 Export Sows (+500lbs) \$50.50 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0128CAD / \$0.9872 US	
<b>Cash Prices: Week Ending April 23rd, 2010</b>	
67.36/148.51 Signature #3	
64.60/142.41 Signature #4	
65.54/144.50 MPMC Cash	
63.96/141.00 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 steady this morning.** Cash markets continue to show no trend over the last several days with US packers keeping a lid on their bids in an attempt to protect their shrinking operating margins. Hog numbers continue to decline in line with normal seasonality, with a projection of losing approximately 30,000 hogs per week over the next several weeks. Pork prices have already incurred a significant rally reflecting the tighter supplies, and are now trading at levels 50% higher than one year ago levels. Yesterday's Statscan Report on hog and pig inventories in Canada showed a drop of 2.1% compared to year ago levels, but this had little impact to Lean Hog futures. The Canadian Dollar is recovering some of the losses experienced earlier this week as investor sentiment approved a policy statement by the US Federal Reserve.

**Canadian delivered soymeal prices opened higher this morning.** Fresh export demand increased significantly with the notice of sale of old crop U.S. soybeans to China, thereby reinforcing soybean meal prices. Excellent weather has traders anticipating high yields for this year's crop, and could be a bearish influence.

**Canadian delivered corn prices opened steady this morning.** Corn futures are expected to remain relatively steady after yesterday's gains, with production fundamentals providing the bearish influence that is offsetting the influence from stronger export demand and higher soybean prices. Typically corn will strengthen into the second week of May, in advance of that month's Crop Report.

	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Fixed Forward Range: (Maple Leaf Sig. #3)		148.72	149.86	148.23	136.22	132.46	123.66	116.94	122.05
		151.49	151.71	150.32	138.79	137.40	131.07	128.29	129.01
(Maple Leaf Sig. #4)		145.63	147.36	144.44	135.49	130.60	122.88	121.33	120.88
		147.63	148.25	148.25	140.50	134.85	128.98	128.98	126.28
Estimated Hog Margin	23.55	24.50	24.25	22.77	15.87	13.61	9.08	8.97	9.98
Soymeal Delivered	356	353	353	365	356	332	337	337	333
Corn Delivered	149	151	153	155	157	159	157	157	157

## Rothsay Animal Vegetable Feed Fat

\$588/tonne ↓ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

