



# Hog Margin Outlook

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Friday, July 09, 2010

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

US Slaughter	
408,000 – Thursday's	
400,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$76.60
Western Corn Belt	\$76.56
Daily National Price	\$78.91
Daily Sig3(M.Leaf)	\$146.59
Daily Sig4(M.Leaf)	\$146.31
4-Month Fwd Avg	\$137.89
#1 Export Sows (+500lbs) \$48.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0446CAD / \$.9573US	
<b>Cash Prices: Week Ending July 9th, 2010</b>	
66.62/146.86 Signature #3	
67.55/148.93 Signature #4	
65.83/145.13 MPMC Cash	
63.48/139.94 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. packers are resisting any increases in their slaughter schedule, despite the stronger pork cut-out that is providing a boost to current packer operating margins. This week's slaughter is shaping up to be just over 1.7 million hogs, significantly lower than the holiday reduced kills seen in the last several years. The cut-out is gaining value due to tighter supplies, with the possibility of stronger export demand contributing positively as well. Lean hog futures could see some weakness from the lower grain markets this morning, as they respond to a USDA Report that showed larger than expected ending stocks of both corn and soybeans. The Canadian Dollar has moved steadily higher over the week, as economic indicators were positive for a continued recovery.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex opened lower this morning as today's USDA Supply and Demand Report announced that estimated ending stocks for 2010-11 were 360 million bushels, which is above the average projection of 354 million bushels. However, solid export demand is expected to limit downside movement.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower this morning after the USDA announced estimated ending stocks for 2010-11 at 1.373 billion bushels, which is above the trade estimate of 1.337 billion bushels. The lack of hot, dry weather during pollination is also contributing to the bearish movement.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		147.55 151.39	139.10 143.36	134.35 140.28	125.36 132.93	125.37 130.09	127.75 133.94	134.42 136.32	132.46 136.26	137.17 143.42
(Maple Leaf Sig. #4)		145.08 148.61	139.28 144.95	133.40 137.86	124.42 131.20	125.15 130.84	127.58 131.09	132.75 134.59	131.03 134.53	134.97 138.51
Estimated Hog Margin		23.85	17.84	15.67	10.83	11.70	13.40	17.62	17.91	18.82
Soymeal Delivered	389	380	374	346	345	345	346	347	347	355
Corn Delivered	164	166	168	170	172	174	176			



## Rothsay Animal Vegetable Feed Fat

\$653/tonne ↑ (2 – 19 mt)

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

\*Price quoted is FOB Southeast Manitoba

