

Hog Margin Outlook

Meeting Your Marketing Needs

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www.mpmc.mb.ca & www.spimg.ca

Tuesday, July 13, 2010

Hog Prices: ↔ **Soymeal:** ↑

Corn: ↓ **Cdn Dollar:** ↓

US Slaughter	
398,000 – Monday's	
360,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$75.04
Western Corn Belt	\$75.13
Daily National Price	\$78.37
Daily Sig3(M.Leaf)	\$142.93
Daily Sig4(M.Leaf)	\$144.38
4-Month Fwd Avg	\$135.28
#1 Export Sows (+500lbs) \$48.00 cwt	
B of C Ex. Rate (Noon) \$1.0379CAD / \$0.9635US	
Cash Prices: Week Ending July 9th, 2010	
66.62/146.86 Signature #3	
67.55/148.93 Signature #4	
65.83/145.13 MPMC Cash	
63.48/139.94 Springhill	

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Forward contract prices opened steady this morning. Cash markets are settling in to the dog days of summer with few factors to trigger a big price shift. Packers seem content with their current production levels, even as profitability remains good and live supplies tighten further. The performance of the U.S. economy over the coming weeks could be the key to whether meat prices muster another rally before the heavy supplies of the fall trigger the seasonal weakness. However, it is unlikely that the cash bids will return to the highs seen in mid-May of over \$90.00/cwt U.S. The Canadian Dollar continues its week long rally, trading near 97 cents U.S. this morning. Stronger stock and commodity markets are providing the fuel for the rally as traders see these as indicators of an improving economy.

Canadian delivered soymeal prices opened higher this morning. Soybean meal markets opened higher this morning as USDA soybean ratings were lowered again for the 5th week in a row, indicating smaller than expected yields. However, there may be a cap on upside movement with 40% of soybeans in the blooming stage as they enter a critical period, compared with 22% from last year.

Canadian delivered corn prices opened lower this morning. Corn markets are trading lower this morning after the announcement that 73% of corn was rated as good to excellent, up from 71% last week according to Monday's USDA Crop Report. These ratings came despite reports of Nitrogen loss, discoloration, and stunting along the Corn Belt.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		145.27	136.76	134.32	125.32	124.95	127.31	133.94	131.42	136.18
		146.21	141.02	137.95	132.90	130.06	133.46	135.83	135.20	148.13
(Maple Leaf Sig. #4)		141.95	137.01	133.04	124.38	124.84	127.13	132.26	130.01	134.00
		143.95	140.86	135.60	131.17	130.80	130.61	134.09	133.49	141.96
Estimated Hog Margin		21.03	16.30	14.46	9.96	10.76	12.44	16.79	16.20	20.64
Soymeal Delivered	394	384	379	346	345	345	344	345	345	354
Corn Delivered	161	163	165	167	169	171	173			



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

