

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, July 15, 2010

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

US Slaughter	
404,000	– Wednesday's
402,000	– Wednesday's (year ago)
US Iowa/Sthrn MN	\$74.70
Western Corn Belt	\$74.35
Daily National Price	\$78.00
Daily Sig3(M.Leaf)	\$140.45
Daily Sig4(M.Leaf)	\$142.69
4-Month Fwd Avg	\$138.75
#1 Export Sows (+500lbs)	\$48.00 cwt
B of C Ex. Rate (Noon)	
\$1.0306CAD / \$0.9703US	
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 lower this morning. U.S. cash markets continue to weaken despite tighter live hog supplies. Packers are attempting to protect their shrinking operating margins as it is difficult to recover from negative margins in the summer timeframe. Lean hog futures surged higher late in yesterday's trade as it was reported that funds were buying back their short positions. The fund buying triggered bullish technical indicators that added fuel to the rally, resulting in the nearby contracts gaining \$2.00/cwt. The Canadian Dollar has dropped this morning, after a 10 day long rally, to \$0.9580 U.S., with some of the weakness coming from the U.S. Federal Reserve that projects U.S. economic growth to be a modest 3% for 2010, under most analysts' expectations.

Canadian delivered soymeal prices opened higher this morning. The soybean complex continued its upward trend this morning as tight availability of soybeans and all nearby supplies continue to buoy prices. Strong export demand also contributes support with the USDA reporting total export sales of 1,225,000 metric tons for week ending July 8.

Canadian delivered corn prices opened higher this morning. Corn markets opened higher this morning on support from an increase in wheat prices, which was caused by worldwide supply concerns. Also contributing to the bullish movement are forecasts for hot weather along the Corn Belt until the end of July. Stress in the midst of pollination could severely impact yield.

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Fixed Forward Range (Maple Leaf Sig. #3)		148.89	140.29	137.68	128.58	127.96	130.36	137.07	133.52	136.36
			149.84	144.59	141.61	136.25	133.37	136.59	138.98	148.29
(Maple Leaf Sig. #4)		145.47	140.48	136.58	127.58	127.81	130.13	135.33	132.08	134.17
			147.14	144.36	139.17	134.44	134.07	133.66	137.18	142.12
Estimated Hog Margin		21.03	16.30	14.46	9.96	10.76	12.44	16.79	16.20	20.64
Soymeal Delivered	381	383	386	349	349	349	348	346	346	347
Corn Delivered	169	171	173	175	177	179	181			



Rothsay Animal Vegetable Feed Fat

\$628/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

