

# Hog Margin Outlook

Meeting Your Marketing Needs

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[www.mpmc.mb.ca](http://www.mpmc.mb.ca) & [www.spimg.ca](http://www.spimg.ca)

Friday, August 06, 2010

Hog Prices: ↑ Soymeal: ↑

Corn: ↓ Cdn Dollar: ↑

US Slaughter	
402,000 – Thursday's	
421,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$82.11
Western Corn Belt	\$82.09
Daily National Price	\$84.66
Daily Sig3(M.Leaf)	\$152.85
Daily Sig4(M.Leaf)	\$152.65
4-Month Fwd Avg	\$131.58
#1 Export Sows (+500lbs) \$55.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0158CAD / \$0.9844US	
<b>Cash Prices: Week Ending August 6th, 2010</b>	
69.95/154.22 Signature #3	
69.02/152.17 Signature #4	
68.70/151.46 MPMC Cash	
67.15/148.03 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 higher this morning.** Cash prices are coming off their highs, with packers following the lead with wholesale pork prices. Consumers may start to seek alternatives to pork at retail outlets as prices have climbed to near record levels. However, both beef and chicken prices have rallied over the last several weeks as well. Lean hog futures have a smaller than average discount priced into the October and December contracts compared to the current cash market, reflecting a good hedging opportunity given the expectation of a surge in hog supplies in early September. The Canadian Dollar is approaching \$0.99U.S., the highest level it has traded in three months.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex sustained its upward trend this morning as lack of farmer selling together with spillover support from wheat prices continue to provide support. Strong export demand is also contributing to the bullish trend, with private export sales of 336,000 tons sold to China, according to the USDA.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading marginally lower this morning despite another increase in wheat prices. While corn is expected to remain relatively firm due to wheat production issues in Russia, a lack of other bullish influences for corn has allowed for a small reprieve in the previously increasing prices.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		136.48 139.03	133.95 137.62	125.03 132.55	123.19 129.73	125.54 133.06	133.53 135.41	130.14 133.90	134.19 146.00	
(Maple Leaf Sig. #4)		137.07 138.18	132.90 135.63	124.26 131.17	123.57 130.63	125.84 130.21	131.85 133.12	128.76 132.21	132.05 139.92	
Estimated Hog Margin		20.03	16.36	12.27	13.18	15.01	19.19	18.02	22.11	
Soymeal Delivered	378	386	352	354	354	349	351	351	351	351
Corn Delivered	166	168	170	172	174	176	174			

CONGRATULATIONS

**Woodland; Colony Farms**

*Winner of the July 2010 Sow and Boar Lottery*