

Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, August 09, 2010

Hog Prices: ↓ **Soymeal:** ↑

Corn: ↓ **Cdn Dollar:** ↑

US Slaughter	
1.966 Mill. — Last Week's	
2.100 Mill. — Last Week's (year ago)	
US Iowa/Sthrn MN	\$80.44
Western Corn Belt	\$80.42
Daily National Price	\$84.92
Daily Sig3(M.Leaf)	\$151.43
Daily Sig4(M.Leaf)	\$154.85
4-Month Fwd Avg	\$131.28
#1 Export Sows (+500lbs) \$55.00 cwt	
B of C Ex. Rate (Noon) \$1.0273CAD / \$0.9734US	
Cash Prices: Week Ending August 6th, 2010	
69.95/154.22 Signature #3	
69.02/152.17 Signature #4	
68.70/151.46 MPMC Cash	
67.15/148.03 Springhill	

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Forward contract prices opened lower this morning. Cash market bids are called to open steady to lower this morning after last week's volatile trade. Packers are finding it easier to source live supplies as available hog numbers are following the normal seasonal increase through August and September. However, wholesale pork prices are holding up well, providing packers with operating margins better than \$18/hog which could have packers expanding their kill schedules to capture the opportunity. The 4th quarter lean hog futures dropped sharply on Friday in response to a lower cash market, moving closer to an average pricing relationship with the current cash market. The Canadian Dollar is trading higher this morning, but is still more than 1 cent lower than last week's high. Friday's reports on unemployment in both Canada and the U.S. were not favourable to a recovery in the North American economy, resulting in a sharp drop to the Loonie.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning as the market seems to be separating itself from previously influential wheat prices. Driving the bullish movement is a tight supply situation and strong export demand from China. Concerns over hot and dry weather in the U.S. Delta are also providing support.

Canadian delivered corn prices opened lower this morning. Corn markets are trading steady to lower this morning as cooler than normal temperatures in the Midwest, which are favorable for corn, are pushing prices downward. Spillover weakness in wheat is also contributing to the bearish movement, as wheat is currently correcting itself from gains made last week.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		137.84 138.78	134.06 137.36	125.38 132.93	124.39 130.10	126.76 134.32	134.80 136.69	131.45 135.23	135.02 146.87	
(Maple Leaf Sig. #4)		136.93 137.95	132.84 135.40	124.61 131.56	124.76 131.01	127.05 131.45	133.10 134.38	130.04 133.52	132.86 140.75	
Estimated Hog Margin		20.03	16.36	12.27	13.18	15.01	19.19	18.02	22.11	
Soymeal Delivered	384	392	358	358	358	356	355	355	355	355
Corn Delivered	167	169	171	173	175	177	175			



Rothsay Animal Vegetable Feed Fat

\$578/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

