

# Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, August 16, 2010

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

| US Slaughter  |          |
|---|----------|
| 2.056 Mill. – Last Week's                                 |          |
| 2.239 Mill. – Last Week's (year ago)                      |          |
| US Iowa/Sthrn MN  | \$77.97  |
| Western Corn Belt   | \$78.01  |
| Daily National Price                                      | \$81.99  |
| Daily Sig3(M.Leaf)  | \$148.74 |
| Daily Sig4(M.Leaf)  | \$151.38 |
| 4-Month Fwd Avg   | \$134.32 |
| #1 Export Sows (+500lbs)<br>\$53.00 cwt                   |          |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0402CAD / \$0.9614US |          |
| <b>Cash Prices: Week Ending August 13th, 2010</b>         |          |
| 68.60/151.23 Signature #3                                 |          |
| 69.68/153.62 Signature #4                                 |          |
| 67.85/149.58 MPMC Cash                                    |          |
| 64.97/143.23 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 steady this morning.** U.S. cash markets are expected to hold steady, starting the week with higher bids as packers attempt to capture the strong margin that is available between live hogs and wholesale pork prices. However, hog supplies remain tighter than expected with last week's hog slaughter at just over 2 million hogs compared to last year, which was more than 8% larger. Export demand continues to exceed expectations with Japan and Mexico providing most of the gains. Pork exports for June were up 23% over last year, helping to explain why wholesale pork prices have been so strong. The Canadian Dollar is experiencing some weakness today as there is still concern over slowing growth in the U.S. economy, Canada's largest trading partner.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is trading lower this morning as favorable weather conditions across the Midwest are expected to aid in the filling of soybeans. Downside potential may be limited as strong export demand from China remains a supportive factor.

**Canadian delivered corn prices opened higher this morning.** Corn markets opened higher this morning after prices in the Dalian exchange reached new highs today. The shortfall of wheat supplies in Russia is also contributing to the bullish movement, as producers are switching from wheat to corn when buying feed ingredients. Excellent weather conditions in the U.S. are also providing support for prices.

|  | Aug | Sep    | Oct    | Nov    | Dec    | Jan    | Feb    | Mar    | Apr    | May    |
|--|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range (Maple Leaf Sig. #3) |     | 141.56 | 137.73 | 128.96 | 128.34 | 130.73 | 138.86 | 135.89 | 140.31 | 151.97 |
|  |     | 142.52 | 141.08 | 136.63 | 133.76 | 138.38 | 140.77 | 139.72 | 152.36 | 153.90 |
| (Maple Leaf Sig. #4)                     |     | 141.63 | 136.43 | 128.13 | 128.63 | 130.95 | 137.06 | 134.37 | 138.02 | 147.91 |
|  |     | 141.63 | 139.03 | 135.19 | 134.63 | 135.39 | 138.36 | 137.89 | 146.04 | 149.22 |
| Estimated Hog Margin                     |     | 16.07  | 14.08  | 9.92   | 10.78  | 12.91  | 17.29  | 16.90  | 21.07  | 26.58  |
| Soymeal Delivered                        | 386 | 389    | 362    | 364    | 364    | 353    | 360    | 360    | 357    | 357    |
| Corn Delivered                           | 170 | 172    | 174    | 176    | 178    | 180    | 182    |        |        |        |



## 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

