

# Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, August 19, 2010

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

US Slaughter	
408,000 – Wednesday's	
430,000 – Wednesday's (year ago)	
US Iowa/Sthrn MN	\$85.56
Western Corn Belt	\$85.25
Daily National Price	\$81.51
Daily Sig3(M.Leaf)	\$160.78
Daily Sig4(M.Leaf)	\$148.86
4-Month Fwd Avg	\$136.93
#1 Export Sows (+500lbs) \$53.50 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0289CAD / \$.9719US	
<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 higher this morning.** Packers pulled out all the stops in yesterday's cash market as 3 out of 4 regions rallied by more than \$4.00/cwt, the largest daily price spike in more than a year. Packers are attempting to capture the significant operating margins by expanding their daily kill schedule. However, gains of this magnitude are rarely sustainable without a corresponding increase in wholesale pork prices. The carcass cut-out has strengthened to its highest level in 2 years and is approaching record high levels. Lean hog futures finally factored in some of the optimism that the cash markets have experienced but are now trading at a larger than average discount to the current cash market. The October and December futures could find more support if cash markets finish the week without significant losses.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex is trading higher this morning as China continues to buy aggressively from the U.S. For the 2010/11 marketing year, China has bought 1.097 million tons of the total 2.049 million tons of soybeans sold by the U.S. Spillover support from rallying wheat prices is also providing support.

**Canadian delivered corn prices opened higher this morning.** Corn markets opened higher this morning after weekly corn export sales reached 2.9 million tons (600,000 tons above the highest trade estimate), with large sales to Japan, Mexico and Egypt. Continued wheat shortages in Europe are also expected to buoy corn prices.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		146.91 147.86	139.87 146.43	130.82 138.44	130.00 135.58	132.38 140.00	140.48 142.39	136.67 140.48	140.16 152.09	151.14 153.04
(Maple Leaf Sig. #4)		146.78 146.78	138.67 144.20	129.91 136.92	130.22 136.36	132.53 136.96	138.62 139.91	135.11 138.62	137.85 145.80	147.09 148.39
Estimated Hog Margin		17.65	15.36	10.78	11.35	13.59	18.13	17.50	21.91	27.53
Soymeal Delivered	385	388	361	360	360	359	358	358	356	356
Corn Delivered	172	174	176	178	180	182	180			



## 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

