

Hog Margin Outlook

Meeting Your Marketing Needs

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www.mpmc.mb.ca & www.spimg.ca

Friday, August 20, 2010

Hog Prices: ↓ **Soymeal:** ↓

Corn: ↓ **Cdn Dollar:** ↓

US Slaughter	
410,000 – Thursday's	
432,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$84.14
Western Corn Belt	\$83.87
Daily National Price	\$82.70
Daily Sig3(M.Leaf)	\$159.87
Daily Sig4(M.Leaf)	\$152.65
4-Month Fwd Avg	\$136.94
#1 Export Sows (+500lbs) \$53.50 cwt	
B of C Ex. Rate (Noon) \$1.0399CAD / \$.9616US	
Cash Prices: Week Ending August 20th, 2010	
70.05/154.44 Signature #3	
68.27/150.51 Signature #4	
68.27/150.51 MPMC Cash	
66.37/146.32 Springhill	

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Forward contract prices opened lower this morning. Packers are finishing a volatile week with lower bids, however, prices are almost \$4.00/cwt or about 5% higher than week ago levels. Industry participants have been digesting numerous factors that have contributed to the volatility, including news of strong export sales in June, and word that Mexico would be applying a 5% tariff against U.S. pork starting this week. Yesterday, a report on Canada's hog supply was released, which showed a 2.4% decline in total supplies and a 5% drop to the breeding herd compared to last year. The net effect of all of this news is positive, but the announcement by Mexico to protect their industry has traders questioning the future potential of that market. In all of this, the Canadian Dollar has positively impacted prices with the loonie dropping about 2 cents in the last couple of days.

Canadian delivered soymeal prices opened lower this morning. The soybean complex opened lower this morning as a result of a stronger U.S. Dollar and weaker equities. As well, Russian officials announced that they do not plan to import grain. This is also adding a negative tone to soybean prices, as it contradicts earlier expectations of large increases in export demand.

Canadian delivered corn prices opened lower this morning. Corn markets are trading lower this morning under pressure from an announcement by the Russian government that they do not plan on importing grain in 2010. This opposes earlier prospects of unusually high export demand for wheat, thereby driving up corn prices.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		146.48	139.78	130.63	130.76	133.17	141.37	137.70	140.17	151.33
		147.45	146.00	138.33	135.45	140.89	143.30	141.56	152.15	153.24
(Maple Leaf Sig. #4)		146.42	138.62	129.76	130.69	133.35	139.52	136.15	137.87	147.28
		146.42	143.81	136.85	136.29	137.83	140.82	139.70	145.85	148.58
Estimated Hog Margin		17.65	15.36	10.78	11.35	13.59	18.13	17.50	21.91	27.53
Soymeal Delivered	384	387	358	358	358	356	361	361	360	360
Corn Delivered	174	176	178	180	182	184	182			



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

