

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, August 24, 2010

**Hog Prices:** ↑ **Soymeal:** ↓

**Corn:** ↓ **Cdn Dollar:** ↓

US Slaughter	
410,000 – Monday's	
422,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$80.09
Western Corn Belt	\$80.10
Daily National Price	\$83.53
Daily Sig3(M.Leaf)	\$154.37
Daily Sig4(M.Leaf)	\$155.89
4-Month Fwd Avg	\$138.06
#1 Export Sows (+500lbs) \$54.50 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0514CAD / \$.9511US	
<b>Cash Prices: Week Ending August 20th, 2010</b>	
70.05/154.44 Signature #3	
68.27/150.51 Signature #4	
68.27/150.51 MPMC Cash	
66.37/146.32 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.** U.S. cash markets traded lower yesterday, but with estimated operating margins approaching \$30 per head, packers are likely to expand their weekly slaughter schedule. All of the primal cuts are experiencing strong demand resulting in the carcass cut-out breaking into record levels again on Monday. Strong prices are expected to continue through this week as producers are very current with their marketing, as evidenced by carcass weights averaging 197 pounds last week, about 1 lb lighter than at this time last year. Adding to the bullish trend, inventory of pork in Cold Storage is down 28% from last year's levels, forcing wholesalers to replenish their stocks at exceedingly higher prices. The Canadian Dollar is also aiding in the higher prices, dropping under 95 cents this morning to its lowest level in about a month, largely due to weaker crude oil prices.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex opened lower as weaker crude oil prices, combined with a stronger U.S. Dollar put pressure on prices. The downward movement came despite a 2% drop in soybeans rated as good to excellent, according to the USDA Crop Report. The decrease came as a result of needed moisture in the Delta.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower this morning after a surprising increase in government corn ratings. According to the USDA Crop Report, 70% of corn is now good to excellent, up 1% point from last week, and unchanged from a year ago. A strong U.S. Dollar is also putting pressure on prices.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		147.35	141.61	132.38	132.79	135.23	143.52	139.52	141.85	152.69
		147.35	146.87	140.16	137.24	143.03	145.47	143.42	153.95	154.63
(Maple Leaf Sig. #4)		147.30	140.43	131.49	132.43	135.39	141.63	137.94	139.52	148.61
		147.30	144.67	138.64	138.08	139.93	142.95	141.53	147.58	149.93
Estimated Hog Margin		17.65	15.36	10.78	11.35	13.59	18.13	17.50	21.91	27.53
Soymeal Delivered	386	387	364	363	363	361	365	365	364	364
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

