

Hog Margin Outlook

Meeting Your Marketing Needs

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

Friday, August 27, 2010

Hog Prices: ↓ **Soymeal:** ↑

Corn: ↑ **Cdn Dollar:** ↓

US Slaughter	
412,000 – Thursday's	
425,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$81.18
Western Corn Belt	\$80.94
Daily National Price	\$83.99
Daily Sig3(M.Leaf)	\$156.46
Daily Sig4(M.Leaf)	\$157.22
4-Month Fwd Avg	\$135.10
#1 Export Sows (+500lbs) \$54.50 cwt	
B of C Ex. Rate (Noon) \$1.0546CAD / \$0.9482US	
Cash Prices: Week Ending August 27th, 2010	
70.89/156.29 Signature #3	
71.08/156.71 Signature #4	
69.92/154.15 MPMC Cash	
67.32/148.42 Springhill	

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Forward contract prices opened lower this morning. Packers are pulling back on their cash market bids to finish the week's purchases, however, prices have held up reasonably well over the week. Hog numbers are trending higher, but continue to lag last year's numbers by a significant margin. This week's slaughter should approach 2.1 million hogs, as producers have pulled their marketing schedule ahead in order to capitalize on the counter-seasonal price rally. Futures traders are still holding back from adding in value to the nearby contracts as most are expecting a surge in hog supplies over the next couple of weeks. More than any other factor, the weaker Canadian Dollar helped forward contract prices over the last week as the 3 cent decline had the impact of improving prices by almost \$5.00/ckg.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning as a result of strong export demand, particularly from China. Dry weather conditions in the eastern Midwest and southern areas are also convincing traders to add a risk premium. Upside potential may be limited, however, as yield forecasts remain positive.

Canadian delivered corn prices opened higher this morning. Corn markets opened higher this morning despite disappointing yield results from the far south. Traders remain positive that once the Corn Belt is in harvest, record-breaking yields will be the result. As well, the USDA announcement of fresh export demand for corn is also contributing to the bullish movement.

	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Fixed Forward Range (Maple Leaf Sig. #3)		143.93	138.61	129.85	129.03	131.95	140.74	137.71	141.73	153.69
		143.93	143.44	137.64	134.72	140.25	142.69	141.62	152.02	155.65
(Maple Leaf Sig. #4)		143.62	137.53	128.66	129.20	131.56	138.55	136.00	139.24	149.78
		143.62	140.98	135.83	135.26	136.85	139.88	139.40	146.27	151.11
Estimated Hog Margin		17.65	15.36	10.78	11.35	13.59	18.13	17.50	21.91	27.53
Soymeal Delivered	405	406	369	369	369	369	369	369	359	359
Corn Delivered	179	181	183	185	187	189	187			



Rothsay Animal Vegetable Feed Fat

\$658/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

