

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, August 31, 2010

Hog Prices: ↓ Soymeal: ↓

Corn: ↓ Cdn Dollar: ↓

US Slaughter	
411,000 – Monday's	
433,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$77.56
Western Corn Belt	\$77.56
Daily National Price	\$83.23
Daily Sig3(M.Leaf)	\$150.16
Daily Sig4(M.Leaf)	\$156.04
4-Month Fwd Avg	\$136.31
#1 Export Sows (+500lbs) \$54.50 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0562CAD / \$0.9468US	
<b>Cash Prices: Week Ending August 27th, 2010</b>	
70.89/156.29 Signature #3	
71.08/156.71 Signature #4	
69.92/154.15 MPMC Cash	
67.32/148.42 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 lower this morning.** U.S. cash markets are starting this week with lower prices as packers are anticipating another increase in hog supplies of approximately 40,000 hogs over last week's 2.110 million. Hog supplies typically expand at the quickest pace for the year over the next two weeks as the hottest temperatures subside and growth rates improve. Packers are attempting to protect their excellent operating margins by taking a cautious stance in their buying program, fearing weakness in wholesale pork prices. Lean hog futures are steady this morning, trading in a typical relationship to the current cash market with the October and December contracts discounted by \$4.00 and \$6.00 respectively. The Canadian Dollar is trading in the middle of its recent trading range, but could push higher as traders are split on the likelihood of an increase to interest rates by the Bank of Canada at its meeting next week.

**Canadian delivered soymeal prices opened lower this morning.** Soybean markets opened lower after the USDA Crop Report stated soybeans rated as good to excellent were unchanged from a week ago at 64%. In Iowa, a key soybean growing state, their soybean rating increased by 1% to 69%. As well, Brazil has announced the expansion of its soybean acres by 3-5%.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower after reaching 14 month highs yesterday. The drop came after the USDA Crop Report announcement that corn rated as good to excellent was unchanged from last week at 70%. Harvesting is expected to accelerate this week as 73% of corn is in the dented stage of development, compared to 55% last year.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		140.29 144.89	131.49 139.32	130.07 136.38	133.00 141.32	141.81 143.77	138.39 142.30	141.38 151.62	153.86 155.82	153.86 154.84
(Maple Leaf Sig. #4)		139.17 142.39	130.27 137.46	130.22 136.90	132.59 137.90	139.60 140.93	136.66 140.08	138.89 145.88	149.94 151.26	150.70 151.26
Estimated Hog Margin		15.39	10.48	10.65	12.69	17.27	16.56	19.55	25.84	25.52
Soymeal Delivered	422	469	368	368	369	372	372	370	370	390
Corn Delivered	183	185	187	189	191	193	191			



## 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

