

Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
www.mpmc.mb.ca & www.spimg.ca

Thursday, September 02, 2010

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

US Slaughter	
413,000 – Wednesday's	
431,000 – Wednesday's (year ago)	
US Iowa/Sthrn MN	\$77.92
Western Corn Belt	\$77.81
Daily National Price	\$82.71
Daily Sig3(M.Leaf)	\$149.71
Daily Sig4(M.Leaf)	\$154.11
4-Month Fwd Avg	\$135.94
#1 Export Sows (+500lbs) \$54.50 cwt	
B of C Ex. Rate (Noon) \$1.0497CAD / \$0.9527US	
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 higher this morning. U.S. packers have dropped their cash bids this week, reflecting a possible increase in live hog supplies as packers are still attempting a weekly hog slaughter of over 2.1 million. Packers have now had a run of 3 weeks with excellent profit margins as wholesale pork prices continue to exceed the price expectations of most market participants. Lean hog futures are expected to hold relatively steady to finish the week as the relationship of the October contract to the cash market is running at an average level when compared to the cash market. 2011 contracts have come under some pressure in the past week, but the higher feed costs associated to the rally in corn and soybeans are likely to delay any widespread plans of expansion to the hog herd.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning as soybean yield potential in the U.S. continues to raise concerns. Disease issues in Illinois and Iowa, as well as dryness in the southern areas are expected to keep a bid under the market. Increases in export sales are also providing support for prices.

Canadian delivered corn prices opened steady this morning. Corn markets opened steady this morning despite increases in wheat prices and strong export demand. The USDA reported weekly corn export sales of 1.7 million tons, which was above industry expectations. Strong export sales are expected to continue due to global wheat shortages.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf)		139.37 144.40	130.67 138.41	130.53 135.51	133.44 141.67	142.16 144.09	138.96 142.83	142.47 152.65	153.87 155.81	153.87 157.75
(Maple Leaf Sig. #4)		138.24 141.89	129.44 136.55	130.38 135.99	132.97 138.22	139.91 141.22	137.19 140.57	139.94 146.88	149.94 151.26	150.70 153.32
Estimated Hog Margin		15.39	10.48	10.65	12.69	17.27	16.56	19.55	25.84	25.52
Soymeal Delivered	416	361	361	361	363	370	370	365	365	389
Corn Delivered	182	184	186	188	190	192	194			



Rothsay Animal Vegetable Feed Fat
\$658/tonne ↑ (2 – 19 mt)

