



# Hog Margin Outlook

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Monday, September 13, 2010

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

US Slaughter	
1.917 Mill. – Last Week's	
2.048 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$80.84
Western Corn Belt	\$80.79
Daily National Price	\$82.37
Daily Sig3(M.Leaf)	\$153.39
Daily Sig4(M.Leaf)	\$151.44
4-Month Fwd Avg	\$134.62
#1 Export Sows (+500lbs) \$54.50 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0358CAD / \$0.9654US	
<b>Cash Prices: Week Ending September 10th, 2010</b>	
69.33/152.85 Signature #3	
67.94/149.78 Signature #4	
67.94/149.78 MPMC Cash	
65.98/145.45 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 the week lower, with packers interested in re-capturing some of the strong operating margins that they were experiencing leading up to last week. Despite a big effort to offset the holiday with a large Saturday kill, packers slaughtered an estimated 1.917 million hogs last week, close to 100,000 hogs fewer than last year. Lean hog futures may come under some pressure as they respond to the July pork export numbers. U.S. pork sales were down 7% from July 2009, but year-to-date exports were still better than last year at +5.6%. Higher pork prices combined with a strong U.S. Dollar had foreign buyers pull-back on their purchases. The Canadian Dollar is opening about half a cent higher at about U.S.\$0.97 as trader sentiment on global economic growth improved.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex opened higher this morning despite a bearish Supply and Demand Report released by the USDA on Friday. The Report increased projected ending stocks and 2010 yields. The increase in prices is mostly due to reports of strong U.S. yields as well as support from crude oil futures.

**Canadian delivered corn prices opened higher this morning.** Corn markets are trading higher this morning as a result of follow-through buying after Friday's supportive government report. The announcement that the U.S. crop is smaller than first expected is continuing to underpin prices. As well, stronger-than-expected data coming out of China is buoying both equities and commodities.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		137.95 138.42	129.44 137.00	129.44 134.16	132.29 140.34	140.81 142.71	138.82 142.61	143.34 153.37	154.32 156.24	154.32 158.15
(Maple Leaf Sig. #4)		136.79 138.07	128.18 135.14	129.10 134.59	131.77 136.91	138.56 139.84	137.00 140.30	140.75 147.59	150.37 151.66	151.11 153.70
Estimated Hog Margin		15.39	10.48	10.65	12.69	17.27	16.56	19.55	25.84	25.52
Soymeal Delivered	385	351	351	351	356	359	359	363	363	364
Corn Delivered	199	201	203	205	207	209	207			



**J & R LIVESTOCK CONSULTANTS LTD.**  
**L-LYSINE HCL 98% - \$2250.00 / MT ↑ (1-2 MT)**



\*Price quoted is FOB Winnipeg– Price subject to change without notice

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