

Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, September 16, 2010

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

US Slaughter	
417,000	– Wednesday's
430,000	– Wednesday's (year ago)
US Iowa/Sthrn MN	\$81.49
Western Corn Belt	\$80.93
Daily National Price	\$82.16
Daily Sig3(M.Leaf)	\$152.53
Daily Sig4(M.Leaf)	\$149.95
4-Month Fwd Avg	\$135.74
#1 Export Sows (+500lbs)	\$54.00 cwt
B of C Ex. Rate (Noon)	
\$1.0282CAD / \$0.9726US	
Cash Prices: Week Ending September 10th, 2010	
69.33/152.85	Signature #3
67.94/149.78	Signature #4
67.94/149.78	MPMC Cash
65.98/145.45	Springhill

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Forward contract prices opened higher this morning. U.S. cash markets are still making gains as packers are still finding supplies scarce relative to their appetite. Packers continue to benefit from better than average operating margins largely due to the record high pork belly prices that have kept the pork cut-out higher than \$90.00/cwt. There is a belief that hog supplies will grow at a faster pace in the next three weeks compared to the previous three due to improved growth rates caused by better feed quality and cooler temperatures. However, the Hogs & Pigs Report to be released next week will be the best indicator of near term supply trends. Lean hog futures are moving cautiously higher with gains in the cash market, as traders are hesitant to factor in the current tight supply situation through the 4th Quarter of 2010.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading steady to higher this morning despite a decrease in net export sales from 848,200 last week to 668,600 this week. While high yields are still anticipated in the U.S., traders are watching global activity only to find that South America's planting is being delayed by heavy rains.

Canadian delivered corn prices opened higher this morning. Corn markets opened slightly higher this morning as uncertainty regarding the U.S. yield, which fueled a recent rally, continues to influence the market. While disappointing yields have been reported from the south, production in the northern and western Corn Belt is unclear thus far.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		139.31 139.78	130.83 138.37	129.65 135.54	131.54 140.98	142.40 144.28	140.04 143.81	143.69 153.63	153.78 155.68	153.78 157.57
(Maple Leaf Sig. #4)		138.10 139.38	129.88 136.46	130.49 136.09	132.77 137.71	139.90 141.36	138.53 141.46	141.07 146.94	148.19 150.75	150.38 152.95
Estimated Hog Margin		14.23	10.49	11.29	14.31	18.63	18.53	22.36	27.64	28.63
Soymeal Delivered	375	350	350	350	357	360	360	364	364	350
Corn Delivered	206	208	210	212	214	216	214			



Rothsay Animal Vegetable Feed Fat

\$673/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

