



# Hog Margin Outlook

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Monday, September 20, 2010

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

US Slaughter	
2.164 Mill. – Last Week's	
2.311 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$81.06
Western Corn Belt	\$80.50
Daily National Price	\$82.24
Daily Sig3(M.Leaf)	\$152.44
Daily Sig4(M.Leaf)	\$150.81
4-Month Fwd Avg	\$137.87
#1 Export Sows (+500lbs) \$54.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0331CAD / \$0.9679US	
<b>Cash Prices: Week Ending September 17th, 2010</b>	
68.70/151.46 Signature #3	
68.20/150.36 Signature #4	
67.56/148.94 MPMC Cash	
65.56/144.53 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 higher this morning.** Cash markets are expected to open steady this morning as the hog supply continues to run tighter than expected, and about 7% smaller than 2009 levels for the last month. Last week's slaughter came in at 2.16 million hogs, falling far short of last year's 2.31 million hogs. Demand for processing cuts remains strong, leaving pork inventory in cold storage at extremely low levels. Lean Hog markets will be focused on the USDA Reports to be released this week, with the Cold Storage Report on Wednesday and the Quarterly Hogs and Pigs Report on Friday. Most analysts are pegging the market hog inventory only about 2% lower than last year, while the breeding herd forecast down about 1%. The Canadian Dollar appears to be settling in around \$0.97 US, but a report on Canada's inflation rate to be released tomorrow could trigger a move if there are any surprises.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex is seeing increased influence from fund buying that views the recent rally as a bullish technical trend. From a fundamental standpoint, the weak US Dollar could promote more interest in buying US beans, adding fuel to the stronger market trend.

**Canadian delivered corn prices opened higher this morning.** Wet weather across the northern portion of the corn belt could have implications on harvest progress, but it is still early days. On the demand side, the USDA suggested that they expect an increase in the blending limit of ethanol to increase from 10% to 15%, however, the decision by the EPA has yet to be released.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)		140.98	132.47 140.03	131.67 137.20	133.56 143.03	144.45 146.35	141.56 145.34	145.44 155.43	155.86 157.77	155.86 159.67
(Maple Leaf Sig. #4)		139.72	131.49 138.07	132.22 137.71	134.75 139.70	141.90 143.37	140.01 142.95	142.77 148.67	150.20 152.78	152.41 154.99
Estimated Hog Margin		14.23	10.49	11.29	14.31	18.63	18.53	22.36	27.64	28.63
Soymeal Delivered	386	368	376	378	374	377	377	384	384	
Corn Delivered	212	212	216	218	219	222	220			



**J & R LIVESTOCK CONSULTANTS LTD.**

**L-LYSINE HCL 98% - \$2350.00 / MT ↑ (1-2 MT)**

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

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