

Hog Margin Outlook

Meeting Your Marketing Needs

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

Thursday, September 23, 2010

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

| US Slaughter | |
|--|----------|
| 417,000 – Wednesday's | |
| 433,000 – Wednesday's (year ago) | |
| US Iowa/Sthrn MN | \$81.49 |
| Western Corn Belt | \$81.47 |
| Daily National Price | \$82.74 |
| Daily Sig3(M.Leaf) | \$154.22 |
| Daily Sig4(M.Leaf) | \$151.67 |
| 4-Month Fwd Avg | \$139.33 |
| #1 Export Sows (+500lbs) \$53.25 cwt | |
| B of C Ex. Rate (Noon) \$1.0327CAD / \$.9683US | |
| Cash Prices: Week Ending September 17th, 2010 | |
| 68.70/151.46 Signature #3 | |
| 68.20/150.36 Signature #4 | |
| 67.56/148.94 MPMC Cash | |
| 65.56/144.53 Springhill | |

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Forward contract prices opened higher this morning. US cash markets are seeing some weakness but are largely maintaining their value, as hog supplies continue to be tight. Live hog supplies are expected to grow rapidly over the next three weeks, with weekly supplies growing from 2.15 million to 2.3 million. Lean Hog futures are reacting to the USDA Cold Storage Report that was released yesterday and reflected an extremely tight supply of pork. All pork in storage was down 27% from year ago levels, with pork bellies down 86% from August 2009. The reaction has effectively reversed the impact of yesterday's lower trade, but the market is expected to remain highly volatile in advance of tomorrow's Hogs & Pigs Report. The Canadian Dollar is trading lower this morning, adding value to forward contract prices.

Canadian delivered soymeal prices opened lower this morning. The soybean complex is following corn and wheat markets lower, with the added influence of weaker crude oil futures. Traders may be re-thinking their positions after the recent rally that largely anticipates strong export demand due to a weak US Dollar.

Canadian delivered corn prices opened lower this morning. All grains are trading lower this morning, however, the longer term bullish trend is still intact as yield estimates for the US corn crop continue to drop. This year's harvest progress is running at about 20% complete, significantly better than the 5 year average despite recent rains through much of the cornbelt.

| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 142.30 | 133.75 141.35 | 133.14 138.50 | 135.05 144.58 | 146.01 147.91 | 144.10 147.91 | 147.59 157.61 | 157.99 159.90 | 157.99 161.81 |
| (Maple Leaf Sig. #4) | | 141.02 | 132.74 139.36 | 133.48 139.00 | 136.22 141.20 | 143.42 145.45 | 142.50 145.45 | 144.86 150.77 | 152.25 154.84 | 154.47 157.06 |
| Estimated Hog Margin | | 14.23 | 10.49 | 11.29 | 14.31 | 18.63 | 18.53 | 22.36 | 27.64 | 28.63 |
| Soymeal Delivered | 380 | 363 | 369 | 372 | 370 | 373 | 373 | 381 | 381 | 383 |
| Corn Delivered | 212 | 212 | 212 | 214 | 217 | 220 | 222 | | | |



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

