



# Hog Margin Outlook

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Monday, September 27, 2010

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

US Slaughter	
2.206 Mill. – Last Week's	
2.348 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$79.83
Western Corn Belt	\$79.93
Daily National Price	\$83.07
Daily Sig3(M.Leaf)	\$150.36
Daily Sig4(M.Leaf)	\$151.33
4-Month Fwd Avg	\$137.51
#1 Export Sows (+500lbs)	\$53.25 cwt
<b>B of C Ex. Rate (Noon)</b>	\$1.0263CAD / \$0.9744US
<b>Cash Prices: Week Ending September 24th, 2010</b>	
69.69/153.63	Signature #3
68.43/150.87	Signature #4
68.35/150.69	MPMC Cash
66.25/146.06	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 opening steady to slightly lower this morning as packers are content to take a wait-and-see approach to their production schedules. Last week's slaughter came in at over 2.2 million hogs, but is still 6% lower than last year's slaughter. The highly anticipated Hogs and Pigs Report revealed no surprises in hog supply compared to industry estimates. The report reflects a gradual increase in hog supply over the next 3 months to levels about 1% lower than year ago. The market reaction to the report was neutral, with all futures trading at or near Friday's close.

	USDA	Industry
All Hogs & Pigs	97.4	97.3
Kept for Breeding	98.2	98.9
Kept for Market	97.3	97.2
< 50 lbs	98.9	98.7
50-119 lbs	98.0	97.3
120-179 lbs	96.6	96.7
> 180 lbs	94.4	95.6

**Canadian delivered soybean prices opened higher this morning.** Soybean markets are trading higher as a weaker U.S. Dollar continues to provide support. Strong export demand from China is also underpinning prices on reports that China is shopping for fresh supplies following last week's holidays. Favourable forecasts in the Midwest are expected to limit upside movement.

**Canadian delivered corn prices opened higher this morning.** Corn markets opened higher, hitting the highest price for front-month corn since September of 2008. The market is up 61% since June 29, with the rally fuelled mainly by concerns regarding the U.S. crop. With harvest ahead of schedule, traders are anticipating other bullish factors will be needed to maintain the high.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			131.74 139.28	130.98 136.45	132.86 142.31	143.72 145.61	141.74 145.52	146.01 155.99	156.85 158.75	156.85 160.65
(Maple Leaf Sig. #4)			130.77 137.33	131.50 136.97	134.06 138.99	141.19 143.20	140.18 143.11	143.32 149.21	151.15 153.72	153.36 155.93
Estimated Hog Margin		14.23	10.49	11.29	14.31	18.63	18.53	22.36	27.64	28.63
Soymeal Delivered	386	369	375	378	371	381	381	378	378	378
Corn Delivered	212	212	212	214	216	218	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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