

# Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, September 28, 2010

Hog Prices: ↑ Soymeal: ↓

Corn: ↓ Cdn Dollar: ↓

US Slaughter	
416,000 – Monday's	
437,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$77.93
Western Corn Belt	\$78.09
Daily National Price	\$82.68
Daily Sig3(M.Leaf)	\$146.86
Daily Sig4(M.Leaf)	\$150.57
4-Month Fwd Avg	\$139.38
#1 Export Sows (+500lbs) \$52.75 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0260CAD / \$0.9747US	
<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.** U.S. cash markets are expected to trade lower again this morning after most regions dropped by about \$2.00/cwt to start the week. However, the carcass cut-out moved in the opposite direction, gaining \$0.53/cwt, largely due to a jump in loin prices. Pork prices have seen no impact of the recent increase in live hog supplies, but are expected to come under pressure over the next two weeks. The most recent USDA forecast for supply has the slaughter growing from last week's 6% under year ago to 3% under year ago. Lean hog futures have factored in only a marginal drop in the cash market over the next two months, resulting in still good hedging opportunities for the 4<sup>th</sup> Quarter. The Canadian Dollar saw some weakness yesterday, despite the U.S. Dollar's drop against most other currencies.

**Canadian delivered soymeal prices opened lower this morning.** Rapid progress in the U.S. harvest, along with beneficial harvest weather are putting pressure on soybean prices this morning. The USDA reported that 17% of soybeans were harvested as of Sunday- up from 8% last week, and higher than the average of 13% for this time of year.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading lower this morning after setting a fresh bull market high yesterday. Contributing to the bearish movement, the USDA reported that 27% of the corn harvest was completed in the U.S., which is above the average of 15%. As supplies continue to increase, traders anticipate additional pressure on prices.

	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Fixed Forward Range (Maple Leaf Sig. #3)			133.82 141.41	132.62 138.56	134.52 144.04	145.46 147.37	143.56 147.37	147.40 157.42	158.09 160.00	158.09 161.91
(Maple Leaf Sig. #4)			132.80 139.41	133.40 139.05	135.70 140.68	142.89 144.92	141.97 144.92	144.67 150.59	152.35 154.94	154.57 157.15
Estimated Hog Margin			12.46	12.18	13.98	18.64	18.47	22.13	27.28	28.09
Soymeal Delivered	371	371	375	376	375	382	382	383	383	384
Corn Delivered	212	212	212	214	216	218	220			



## Rothsay Animal Vegetable Feed Fat

**\$698/tonne ↑ (2 – 19 mt)**

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

\*Price quoted is FOB Southeast Manitoba

