

Hog Margin Outlook

Meeting Your Marketing Needs

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

Wednesday, September 29, 2010

Hog Prices: ↓ **Soymeal:** ↓

Corn: ↓ **Cdn Dollar:** ↓

| US Slaughter | |
|---|----------|
| 417,000 – Tuesday's | |
| 439,000 – Tuesday's (year ago) | |
| US Iowa/Sthrn MN | \$81.25 |
| Western Corn Belt | \$80.97 |
| Daily National Price | \$82.33 |
| Daily Sig3(M.Leaf) | \$152.96 |
| Daily Sig4(M.Leaf) | \$150.61 |
| 4-Month Fwd Avg | \$134.97 |
| #1 Export Sows (+500lbs) \$52.75 cwt | |
| B of C Ex. Rate (Noon) \$1.0306CAD / \$0.9703US | |
| Cash Prices: Week Ending September 24th, 2010 | |
| 69.69/153.63 Signature #3 | |
| 68.43/150.87 Signature #4 | |
| 68.35/150.69 MPMC Cash | |
| 66.25/146.06 Springhill | |

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Forward contract prices opened lower this morning. Numerous cash market benchmarks saw wild price fluctuations as there continues to be significant variability in packer demand. The Iowa/Southern Minnesota region gained more than \$3.00/cwt in the afternoon session, while the pork cut-out dropped by nearly the same amount. This had the impact of dropping estimated packer margins by \$10.00/hog, however, margins remain profitable despite this change. Lean hog futures are seeing little impact from yesterday's cash market gains, as traders believe that significant growth in the hog supply is imminent. The Canadian Dollar remains in a holding pattern near U.S.\$0.97, despite weakness in the U.S. Dollar after some poor economic data.

Canadian delivered soymeal prices opened lower this morning. The announcement that China intends to start auctioning vegetable oil reserves in an effort to dampen rising domestic prices is putting pressure on the soybean complex. Other bearish factors include improved conditions for seeding in South America, along with harvest rapidly advancing in the U.S.

Canadian delivered corn prices opened lower this morning. Corn markets continued moving lower today as prices decreased below \$5 on Monday and Tuesday, which helped to accelerate an overnight sell-off. Traders are anticipating improved yield averages this week, as the harvest moves into Iowa, Nebraska, and Minnesota.

| | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun |
|---|-----|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | | 129.32 136.87 | 128.32 134.04 | 130.22 139.68 | 141.10 143.00 | 139.36 143.15 | 143.34 153.33 | 154.37 156.28 | 154.37 158.18 |
| (Maple Leaf Sig. #4) | | | 128.43 135.01 | 129.16 134.65 | 131.51 136.46 | 138.66 140.67 | 137.89 140.82 | 140.74 146.64 | 148.75 151.33 | 150.97 153.54 |
| Estimated Hog Margin | | | 12.46 | 12.18 | 13.98 | 18.64 | 18.47 | 22.13 | 27.28 | 28.09 |
| Soymeal Delivered | 363 | 363 | 366 | 367 | 366 | 369 | 369 | 372 | 372 | 377 |
| 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

