



Hog Margin Outlook

Meeting Your Marketing Needs

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Monday, October 04, 2010

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

US Slaughter	
2.191 Mill. – Last Week's	
2.336 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$76.56
Western Corn Belt	\$76.57
Daily National Price	\$82.04
Daily Sig3(M.Leaf)	\$143.37
Daily Sig4(M.Leaf)	\$148.75
4-Month Fwd Avg	\$129.14
#1 Export Sows (+500lbs)	\$52.75 cwt
B of C Ex. Rate (Noon)	\$1.0215CAD / \$0.9790US
Cash Prices: Week Ending October 1st, 2010	
67.98/149.86 Signature #3	
68.41/150.81 Signature #4	
67.06/147.85 MPMC Cash	
64.86/142.98 Springhill	

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Forward contract prices opened higher this morning. U.S. cash markets are opening the week cautiously, with cash bids expected to be slightly lower this morning. However, last week's slaughter was still down more than 6% compared to year ago levels, with expectations for this number to narrow to 4% under year ago levels. The pork cut-out has seen weakness recently, largely due to the record high pork belly prices dropping by about 10% of their value on Friday. Lean hog futures are expected to trade steady, as last week's declines have taken nearby contracts to similar levels as the cash market. However, a large fund position could pose a risk, should technical indicators start to confirm a bearish trend. The Canadian Dollar is trading just shy of U.S.\$0.98, with the focus on this week's trade squarely on the Employment Reports due out later this week.

Canadian delivered soymeal prices opened lower this morning. Spillover weakness from declining corn futures, along with a higher U.S. Dollar are the main factors contributing to the bearish movement of soybean this morning. As well, traders are anticipating higher yield and production forecasts in the USDA October Crop Production Report, to be released on Friday.

Canadian delivered corn prices opened lower this morning. Corn markets are trading lower this morning as robust estimates for corn stockpiles in the U.S., combined with a strong U.S. Dollar, continues to put pressure on prices. Dry weather, which is allowing for harvest to carry on rapidly, is also contributing to the bearish movement.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		123.33 126.61	122.00 128.01	123.88 133.27	134.68 136.56	133.93 137.68	137.27 147.14	148.39 150.27	148.39 152.15	
(Maple Leaf Sig. #4)		122.60 128.60	123.05 128.78	125.33 130.24	132.42 134.42	132.60 135.51	134.84 140.66	142.97 145.52	145.16 147.70	
Estimated Hog Margin		12.46	12.18	13.98	18.64	18.47	22.13	27.28	28.09	
Soymeal Delivered	343	346	347	350	349	349	351	351	354	354
Corn Delivered	189	189	189	191	193	195	197			



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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