



Hog Margin Outlook

Meeting Your Marketing Needs

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

Wednesday, October 06, 2010

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

US Slaughter	
423,000 – Tuesday's	
434,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$75.80
Western Corn Belt	\$75.60
Daily National Price	\$79.75
Daily Sig3(M.Leaf)	\$140.90
Daily Sig4(M.Leaf)	\$143.93
4-Month Fwd Avg	\$128.52
#1 Export Sows (+500lbs) \$50.00 cwt	
B of C Ex. Rate (Noon) \$1.0168CAD / \$.9835US	
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 lower this morning. U.S. packers are finding it relatively easy to source live hog supplies to meet their planned increase in the weekly slaughter, allowing them to drop their bids. Packer margins are being squeezed by a lower trend in the pork cut-out, with yesterday's trade resulting in a decline of more than \$2.00/cwt. Pork bellies continue their free fall from record high levels just two weeks ago, falling about 30%. Lean hog futures have dropped more than 5% of their value in the last month, but the nearby contracts are still trading \$20/cwt better than last year's prices. A record long fund position threatens to weaken prices further as the price trends turn bearish. The Canadian Dollar is trading near its highest level since early August as it looks increasingly likely that the U.S. Federal Reserve will take action that would further weaken the U.S. Dollar.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher with strong export demand being the major underpinning factor. Demand from China for 2010/2011 is expected to increase, providing support for prices. Upward movement may be limited however, by a rapidly advancing harvest in the central and northern Midwest.

Canadian delivered corn prices opened higher this morning. Corn markets opened slightly higher this morning after rallying 4% yesterday. Traders are looking to the end of the week, for what Friday's USDA Crop Progress Report will bring. They are currently expecting yield estimates to decrease from 162.5 bu./acre to 159.5 bu./acre.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		122.54 125.79	121.54 127.19	123.40 132.71	134.11 135.97	133.70 137.43	137.79 147.62	149.34 151.22	149.34 153.09	
(Maple Leaf Sig. #4)		121.82 127.76	122.54 127.94	124.82 129.69	131.85 133.84	132.36 135.24	135.33 141.14	143.90 146.43	146.07 148.61	
Estimated Hog Margin		6.61	7.21	9.97	15.18	16.39	18.62	25.12	25.84	
Soymeal Delivered	352	355	356	354	357	357	360	360	362	362
Corn Delivered	200	200	200	202	205	207	209			



Rothsay Animal Vegetable Feed Fat
\$688/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

CONGRATULATIONS

Waldheim Colony Farms Ltd.

Winner of the Sept. 2010 Sow and Boar Lottery