

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, October 15, 2010

Forward contract prices opened steady this morning. Cash markets are finishing this week significantly lower than where it started, largely due to yesterday's weakness. Most of the hogs that were bought yesterday were reported to have dropped close to U.S.\$4.00/cwt, dropping U.S. cash prices into the mid-\$60's. Packers are still benefitting from good operating margins, as wholesale pork prices have been more stable than bids for live supplies. Lean hog futures fell close to limit down yesterday, but are still trading at a premium to the cash market. The Canadian Dollar closed in on par value with the U.S. Dollar as data showed slower than expected inflation in the U.S.

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

US Slaughter	
424,000 – Thursday's	
433,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$64.65
Western Corn Belt	\$64.80
Daily National Price	\$73.89
Daily Sig3(M.Leaf)	\$119.21
Daily Sig4(M.Leaf)	\$131.63
4-Month Fwd Avg	\$124.15
#1 Export Sows (+500lbs)	\$47.00 cwt
B of C Ex. Rate (Noon)	\$1.0036CAD / \$0.9964US
Cash Prices: Week Ending October 15th, 2010	
57.85/127.53 Signature #3	
61.31/135.16 Signature #4	
57.69/127.19 MPMC Cash	
54.76/120.72 Springhill	

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FALL MARKETING MEETINGS

Brandon	Nov. 3 @ 12pm	Royal Oak Inn & Suites	Swift Current	Nov. 9 @ 12pm	Wong's Kitchen
Starbuck	Nov. 4 @ 1:30pm	Starbuck Community Hall	Saskatoon	Nov. 10 @ 12pm	Travelodge Hotel
Steinbach	Nov. 5 @ 12pm	Smitty's Restaurant	*** Lunch will be served at all meetings		

Canadian delivered soymeal prices opened higher this morning. The soybean complex continued its upward trend this morning as a weaker U.S. Dollar and strong export demand work to underpin prices. Weekly export sales for week ended Oct. 7, reported by the USDA, were at 1.12 million tons, with China purchasing 583,700 tons. Increased demand for soyoil is also expected to influence prices.

Canadian delivered corn prices opened higher this morning. Corn futures opened higher this morning as a weaker U.S. Dollar and supply concerns continue to provide support. Upward movement may be limited, however, as the USDA reported export sales for week ended Oct. 7 were only 1.18 million tons. This amount was well below trader expectations of 1.4 to 2 million tons.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		115.97 116.44	116.59 120.62	118.45 127.76	129.15 131.01	131.91 135.63	134.98 144.74	149.51 151.37	149.51 153.23	
(Maple Leaf Sig. #4)		115.99 118.87	116.89 122.10	120.38 125.43	127.41 129.57	130.98 133.86	132.96 138.72	144.42 146.94	146.40 148.92	
Estimated Hog Margin		6.61	7.21	9.97	15.18	16.39	18.62	25.12	25.84	
Soymeal Delivered	377	379	382	384	388	388	389	389	392	392
Corn Delivered	222	222	222	224	226	228	230			



LYSINE ANDREW or WENDY 1-888-309-8223

