



Hog Margin Outlook

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Wednesday, October 20, 2010

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

US Slaughter	
424,000 – Tuesday's	
434,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$62.76
Western Corn Belt	\$62.69
Daily National Price	\$69.89
Daily Sig3(M.Leaf)	\$118.34
Daily Sig4(M.Leaf)	\$127.75
4-Month Fwd Avg	\$126.64
#1 Export Sows (+500lbs) \$43.25 cwt	
B of C Ex. Rate (Noon) \$1.0298CAD / \$0.9711US	
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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Forward contract prices opened lower this morning. U.S. cash markets continue the lower trend as packers continue to drop their cash bids to reflect the heavy supplies of live hogs that are coming to market. Hog marketings are only expected to rise further over the next several weeks, which could result in some weeks exceeding year ago weekly slaughter levels. Lean hog futures are following the cash market lower, but traders still believe that cash markets will stabilize and actually appreciate in value before the holidays. Funds continue to sell out of their long positions, but not at a pace that has severely impacted the nearby futures. The Canadian Dollar fell by 2 cents against the U.S. Dollar yesterday, as the Bank of Canada revealed a lackluster forecast for the Canada's economy.

Canadian delivered soymeal prices opened higher this morning. Strong export demand for U.S. soybeans, particularly from China, is the main cause for the bullish movement of soybeans this morning. The USDA announced today that 180,000 tons were sold to China for delivery in 2010/2011. As well, a weaker U.S. Dollar combined with increased crude oil prices are driving soybean prices upwards.

Canadian delivered corn prices opened higher this morning. A five-day slide in corn markets had prompted an increase in buying, thereby providing support for corn prices this morning. However, the USDA reported that there have been no export sales of corn to China, which has traders worried as China has emerged as a significant buyer of U.S. corn in 2010.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)		117.39 117.39	119.74 121.63	120.04 129.49	130.91 132.80	133.27 137.05	137.09 147.05	152.84 154.73	152.84 157.33	
(Maple Leaf Sig. #4)		116.96 116.96	117.87 123.17	122.01 127.13	129.15 131.34	132.35 135.28	135.05 140.93	147.63 150.21	149.66 152.23	
Estimated Hog Margin		0.42	1.97	4.69	9.13	12.73	14.92	23.80	24.51	
Soymeal Delivered	384	386	390	393	398	398	400	400	403	403
Corn Delivered	222	222	222	224	226	228	230			



Rothsay Animal Vegetable Feed Fat

\$673/tonne ↓ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

