

# Hog Margin Outlook

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Tuesday, October 26, 2010

Hog Prices: ↑ Soymeal: ↔

Corn: ↓ Cdn Dollar: ↓

US Slaughter	
424,000 – Monday's	
429,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$62.21
Western Corn Belt	\$62.10
Daily National Price	\$67.16
Daily Sig3(M.Leaf)	\$116.08
Daily Sig4(M.Leaf)	\$121.57
4-Month Fwd Avg	\$128.08
#1 Export Sows (+500lbs) \$40.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0198CAD / \$.9805US	
<b>Cash Prices: Week Ending October 22nd, 2010</b>	
53.22/117.32 Signature #3	
57.61/127.00 Signature #4	
53.29/117.49 MPMC Cash	
50.09/110.42 Springhill	

*This information is intended to help you make pricing decisions. Opinions given do not guarantee any future events or performance. Any unauthorized distribution of the HMO is prohibited without the consent of the author.*

**Forward contract prices opened higher this morning.** US cash markets opened lower this week, as packers are running at full production, near 425,000 hogs per day. It appears that market ready supplies are outpacing week-day operating capacity, with packers planning another large Saturday kill to capture the good profitability. Wholesale pork prices have resisted matching losses in live hog bids for now, but growing inventory in cold storage is expected to pressure prices over the next month. Lean Hog futures took back all of last week's gains in trade yesterday as heavy cash market supplies are weighing on the market.

**Canadian delivered soymeal prices opened steady this morning.** The soybean complex opened higher this morning as a result of USDA news that 91% of soybeans had been harvested, which is well above the 5-year average of 72% for this time, and higher than last week's level of 83%. Strong export demand from China, the world's largest importer of soybeans, due to higher crush margins amid strong meal and oil prices is also contributing to the bullish movement.

**Canadian delivered corn prices opened lower this morning.** Corn markets are trading higher this morning as a weaker U.S. Dollar and higher oil prices continue to buoy prices. As well, news that harvest was 83% complete in the U.S., up from 68% a week ago, and much higher than the 5-year average of 49%, according to the USDA, remains a supportive feature for corn.

	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul
Fixed Forward Range (Maple Leaf Sig. #3)			119.66	123.90	133.31	135.16	139.95	153.75	154.70	156.52
			122.56	131.90	137.08	138.92	149.88	157.06	159.42	158.42
(Maple Leaf Sig. #4)			119.22	125.27	132.38	135.62	138.36	148.89	153.10	152.67
			124.50	130.37	134.93	137.81	145.87	152.73	155.29	154.51
Estimated Hog Margin		0.42	1.97	4.69	9.13	12.73	14.92	23.80	24.51	
Soymeal Delivered	384	386	389	391	394	394	398	398	401	401
Corn Delivered	224	224	224	226	228	230	232			



## 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

