



# Hog Margin Outlook

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Monday, November 01, 2010

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

US Slaughter	
2.311 Mill. – Last Week's	
2.294 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$58.93
Western Corn Belt	\$58.93
Daily National Price	\$65.16
Daily Sig3(M.Leaf)	\$110.05
Daily Sig4(M.Leaf)	\$117.83
4-Month Fwd Avg	\$124.06
#1 Export Sows (+500lbs)	\$40.00 cwt
<b>B of C Ex. Rate (Noon)</b>	
\$1.0188CAD / \$.9815US	
<b>Cash Prices: Week Ending October 29th, 2010</b>	
52.55/115.86 Signature #3	
55.14/121.56 Signature #4	
52.18/115.03 MPMC Cash	
49.65/109.45 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 lower this morning.** U.S. cash prices are starting another week on the same lower trend as has been the case for the previous three weeks as some packers are killing at their maximum capacity. Last week's slaughter of more than 2.3 million hogs exceeded year ago levels while previous forecasts had slaughter averaging about 2% under year ago levels at this time of year. Adding to the total pork production, carcass weights continue to set new highs as growth levels continue to outpace marketings. Lean hog futures are expected to come under pressure as they continue to see influence from funds selling out of the nearby contracts. The Canadian Dollar is continuing its volatile trend by trading at well over U.S.\$0.98.

**Canadian delivered soymeal prices opened higher this morning.** Weakness in the U.S. Dollar and strong export demand are the major features driving soybean prices higher this morning. Talk of China securing additional U.S. and South American supplies is expected to contribute to a firmer soybean theme in the coming weeks. Upside movement may be limited by improved weather in South America.

**Canadian delivered corn prices opened higher this morning.** Expectations that private firms will reduce their harvest estimates, thereby reflecting tightening supplies, is moving corn prices higher this morning. As well, the announcement that 120,000 tons of U.S. soybeans have been sold to Egypt could give prices an additional boost following last month's decrease in export sales.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		113.14 115.84	117.33 125.25	126.65 130.38	128.79 132.52	134.17 144.04	149.07 152.36	150.01 154.71	152.30 154.19	154.41 154.41
(Maple Leaf Sig. #4)		116.32 117.94	118.85 123.91	125.89 128.42	129.41 131.58	132.75 140.22	144.35 148.17	148.54 150.72	148.58 150.40	150.99 151.53
Estimated Hog Margin		2.99	6.48	11.39	12.93	16.64	24.48	25.74	24.85	
Soymeal Delivered	385	389	396	398	398	401	401	403	403	405
Corn Delivered	230	230	230	232	234	236	238			



**J & R LIVESTOCK CONSULTANTS LTD.**

**L-LYSINE HCL 98% - \$2.30 / KG ↑ (1-2 MT)**

\*Price quoted is FOB Winnipeg– Price subject to change without notice



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