

Hog Margin Outlook

Meeting Your Marketing Needs

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www.mpmc.mb.ca & www.spimg.ca

Tuesday, November 02, 2010

Hog Prices: ↓ Soymeal: ↑

Corn: ↑ Cdn Dollar: ↑

US Slaughter	
425,000 – Monday's	
429,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$57.65
Western Corn Belt	\$57.55
Daily National Price	\$64.57
Daily Sig3(M.Leaf)	\$106.92
Daily Sig4(M.Leaf)	\$116.17
4-Month Fwd Avg	\$123.66
#1 Export Sows (+500lbs) \$40.00 cwt	
B of C Ex. Rate (Noon) \$1.0136CAD / \$0.9866US	
Cash Prices: Week Ending October 29th, 2010	
52.55/115.86 Signature #3	
55.14/121.56 Signature #4	
52.18/115.03 MPMC Cash	
49.65/109.45 Springhill	

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Forward contract prices opened lower this morning. Cash markets could start to stabilize if hog numbers ease up as packer margins are excellent. Wholesale pork prices climbed \$2.50/cwt while cash bids were down, resulting in estimated margins near \$35/hog. Recent news of African Swine Fever hitting Russia is having little impact on the futures, as traders believe that Russia is chronically dealing with this disease. Futures are focused on signs of a drop in pork production in the cash market, as the nearby contracts suggest that a recovery in cash prices of \$5.00/cwt is expected before mid-December. The Canadian Dollar climbed higher yesterday as commodity markets rallied. This came despite the likelihood that the U.S. Federal Reserve will again pump billions of dollars into the U.S. economy to help generate job growth.

Canadian delivered soymeal prices opened higher this morning. Increases in gold, silver, and crude oil futures are contributing to higher soybean prices this morning. As well, weakness in the U.S. Dollar and rapid early development in South America are providing support for prices. To cap it off, the USDA announced that the harvest is 96% complete, compared with a 5-year average of 79%.

Canadian delivered corn prices opened higher this morning. Corn futures reached a 26-month high yesterday, but finished lower for the day, and are trading higher this morning. The increase came on expectations that export sales will increase due to the weak U.S. Dollar. As well, brokerage firm FCStone lowered its yield estimates to 154.1 bu./acre compared to the USDA estimate of 155.8 bu./acre.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		112.62 114.74	116.79 124.68	126.07 129.78	129.91 132.69	133.82 143.61	148.65 151.91	149.58 154.24	153.51 155.39	154.39 154.39
(Maple Leaf Sig. #4)		115.24 116.85	118.31 123.34	125.32 127.83	129.58 131.73	132.39 139.79	143.94 147.74	148.10 150.26	149.75 151.57	150.97 151.51
Estimated Hog Margin		1.53	1.92	6.67	8.54	12.44	20.93	22.25	22.43	
Soymeal Delivered	385	386	395	395	395	400	400	400	400	401
Corn Delivered	228	228	228	230	232	234	236			



Rothsay Animal Vegetable Feed Fat
\$703/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

CONGRATULATIONS

Canam Genetics Inc.

Winner of the October 2010 Sow and Boar Lottery