

# Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit  
[www.mpmc.mb.ca](http://www.mpmc.mb.ca) & [www.spimg.ca](http://www.spimg.ca)

Thursday, November 04, 2010

**Hog Prices:** ↔ **Soymeal:** ↑

**Corn:** ↑ **Cdn Dollar:** ↑

| US Slaughter   |          |
|--|----------|
| 428,000 – Wednesday's                                    |          |
| 433,000 – Wednesday's<br>(year ago)                      |          |
| US Iowa/Sthrn MN   | \$59.39  |
| Western Corn Belt  | \$59.31  |
| Daily National Price                                     | \$63.66  |
| Daily Sig3(M.Leaf)                                       | \$109.72 |
| Daily Sig4(M.Leaf)                                       | \$114.04 |
| 4-Month Fwd Avg  | \$125.95 |
| #1 Export Sows (+500lbs)<br>\$40.00 cwt                  |          |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0092CAD / \$.9909US |          |
| <b>Cash Prices: Week Ending<br/>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 steady this morning.** U.S. cash markets finally broke the lower trend by bouncing sharply higher in yesterday's trade, with some cash market regions reporting more than \$3.00/cwt gains. Packers had huge incentive to ensure that they met their expanded slaughter schedule with estimated operating margins well over \$30/hog. However, we are not likely through the glut in supply yet as carcass weights are still more than 5lbs heavier than year ago levels. Lean hog futures are trading near steady this morning, but are holding more than a 10% premium over the cash market, reflecting the optimism that traders have for the coming months. The U.S. Federal Reserve announced that it would be buying \$600 billion of bonds over the first half of 2011 in an attempt to stimulate growth in the U.S. economy and increase job creation.

## FALL MARKETING MEETINGS

|                      |               |                     |                                    |                |
|----------------------|---------------|---------------------|------------------------------------|----------------|
| <b>Steinbach</b>     | Nov. 5 @ 12pm | Smitty's Restaurant | <b>Saskatoon</b>                   | Nov. 10 @ 12pm |
| <b>Swift Current</b> | Nov. 9 @ 12pm | Wong's Kitchen      | <b>*** Lunch will be served at</b> |                |

**Canadian delivered soymeal prices opened higher this morning.** A weak U.S. Dollar along with speculations that the U.S. Dollar will continue to decline are pushing soybean prices higher this morning. As well, weekly export sales of 1.616 million tons, with 927,000 tons heading to China, are providing support. Uncertainty regarding South American production is enticing traders to add a risk premium.

**Canadian delivered corn prices opened higher this morning.** Corn markets are trading higher this morning as a result of weakness in the U.S. Dollar. In addition, traders are speculating a drop in USDA production estimates, as a decline in the October Crop Report can indicate another decline will occur in the November Crop Report. Increased ethanol demand is also a supportive feature.

|   | Nov | Dec              | Jan              | Feb              | Mar              | Apr              | May              | Jun              | Jul              | Aug              |
|---|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range<br>(Maple Leaf Sig. #3) |     | 115.12<br>117.57 | 119.27<br>127.11 | 128.50<br>132.18 | 130.76<br>134.45 | 135.27<br>144.98 | 151.36<br>154.59 | 152.28<br>156.90 | 154.95<br>156.80 | 155.64<br>155.64 |
| (Maple Leaf Sig. #4)                        |     | 117.95<br>119.55 | 120.68<br>125.68 | 127.65<br>130.15 | 131.27<br>133.41 | 133.76<br>141.11 | 146.57<br>150.33 | 150.69<br>152.83 | 151.13<br>152.92 | 152.15<br>152.69 |
| Estimated Hog Margin                        |     | 1.53             | 1.92             | 6.67             | 8.54             | 12.44            | 20.93            | 22.25            | 22.43            |                  |
| Soymeal Delivered                           | 393 | 396              | 400              | 402              | 402              | 405              | 405              | 407              | 407              | 408              |
| Corn Delivered                              | 229 | 229              | 229              | 231              | 233              | 235              | 237              |                  |                  |                  |



## Rothsay Animal Vegetable Feed Fat

**\$678/tonne ↓ (2 – 19 mt)**

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

\*Price quoted is FOB Southeast Manitoba

