

Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit

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



Friday, November 05, 2010

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

| US Slaughter | |
|--|----------|
| 427,000 – Thursday's | |
| 433,000 – Thursday's (year ago) | |
| US Iowa/Sthrn MN | \$59.95 |
| Western Corn Belt | \$59.83 |
| Daily National Price | \$63.65 |
| Daily Sig3(M.Leaf) | \$109.93 |
| Daily Sig4(M.Leaf) | \$113.25 |
| 4-Month Fwd Avg | \$126.26 |
| #1 Export Sows (+500lbs) \$40.00 cwt | |
| B of C Ex. Rate (Noon) \$1.0024CAD / \$.9976US | |
| Cash Prices: Week Ending November 5th, 2010 | |
| 49.01/108.04 Signature #3 | |
| 52.28/115.25 Signature #4 | |
| 48.80/107.59 MPMC Cash | |
| 46.33/102.14 Springhill | |

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Forward contract prices opened steady this morning. U.S. cash markets appear to have stabilized from the free fall over the last several weeks while supplies were well above year ago levels and weights were record high. U.S. packers have strong incentives to meet their expanded production schedule as the margin between live hog and wholesale pork prices is well above the seasonally adjusted average. Lean hog futures are trading higher this morning and have maintained a significant premium over cash market prices. However, the strength in the Canadian Dollar has largely negated these hog price gains as it climbed to within a few basis points of par value with the U.S. Dollar.

FALL MARKETING MEETINGS

| | | | | | |
|---------------|---------------|---------------------|--|----------------|------------------|
| Steinbach | Nov. 5 @ 12pm | Smitty's Restaurant | Saskatoon | Nov. 10 @ 12pm | Travelodge Hotel |
| Swift Current | Nov. 9 @ 12pm | Wong's Kitchen | *** Lunch will be served at all meetings | | |

Canadian delivered soymeal prices opened higher this morning. High demand for soybeans is the driving force behind their higher prices this morning. In recent weeks, China purchased more than 900,000 tons of soybeans, twice the amount of corn sold to all destinations. High demand pushed soybeans to fresh 14-month highs yesterday, and soyoil to a fresh 26-month high.

Canadian delivered corn prices opened lower this morning. Corn markets opened lower this morning after hitting a fresh 26-month high yesterday. The lack of fresh export demand is working to put pressure on prices. Traders are reluctant to push prices too high ahead of the monthly USDA Supply and Demand Report, which is to be released on November 9.

| | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|---|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Fixed Forward Range (Maple Leaf Sig. #3) | | 115.62 117.00 | 119.76 127.58 | 128.96 132.64 | 131.26 134.95 | 135.58 145.26 | 151.34 154.57 | 152.27 156.87 | 155.42 157.27 | 156.34 156.34 |
| (Maple Leaf Sig. #4) | | 117.01 118.91 | 121.14 126.13 | 128.09 130.59 | 131.75 133.89 | 134.06 141.38 | 146.56 150.31 | 150.66 152.80 | 151.58 153.37 | 152.83 153.37 |
| Estimated Hog Margin | | 1.53 | 1.92 | 6.67 | 8.54 | 12.44 | 20.93 | 22.25 | 22.43 | |
| Soymeal Delivered | 393 | 396 | 401 | 407 | 407 | 408 | 408 | 409 | 409 | 411 |
| Corn Delivered | 228 | 228 | 228 | 230 | 232 | 234 | 236 | | | |



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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