

Hog Margin Outlook

Meeting Your Marketing Needs

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

Tuesday, November 09, 2010

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

US Slaughter	
426,000 – Monday's	
432,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$59.83
Western Corn Belt	\$59.76
Daily National Price	\$63.80
Daily Sig3(M.Leaf)	\$109.78
Daily Sig4(M.Leaf)	\$113.49
4-Month Fwd Avg	\$127.43
#1 Export Sows (+500lbs) \$40.00 cwt	
B of C Ex. Rate (Noon) \$1.0022CAD / \$.9978US	
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 are trading near steady this morning as live supplies are more evenly matched with packer demand, with the daily slaughter level near 426,000 hogs. The pork cut-out continues to hold up very well amid the heavy production as it has since early September. In fact, over the fall months the pork cut-out has maintained a higher level than any of the last 8 years. Lean hog futures are expected to trade steady to slightly higher over today's trade with the dominant market factor being the USDA crop production estimates that were released this morning. Lower than expected yields have led to tighter ending stocks, which are expected to pressure hog producer margins for the next year. This would all but eliminate any potential for an increase in the North American pig herd.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher this morning after the USDA lowered their yield expectations in yesterday's Crop Report. Based on November 1 conditions, yields are expected to be 43.9 bushels/acre, down from 44.4 bushels/acre in October. As well, ending stocks are projected at 185 million bushels, down 80 million from last month.

Canadian delivered corn prices opened higher this morning. Corn markets opened higher this morning mainly due to the USDA lowering yield forecasts for the third time. Final corn output in the U.S. is expected to be 12.54 billion bushels, down from October estimates of 12.66 billion bushels. As well, exports are down by 50 million bushels as high prices have trimmed export demand.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		112.29 115.69	118.26 126.06	129.28 132.95	133.38 137.05	137.77 147.43	153.32 156.55	154.25 158.85	156.33 158.17	153.00 157.62
(Maple Leaf Sig. #4)		115.67 118.16	119.67 124.66	128.39 130.88	133.78 135.92	136.18 143.48	148.47 152.22	152.57 154.71	152.46 154.24	152.99 154.60
Estimated Hog Margin		1.53	1.92	6.67	8.54	12.44	20.93	22.25	22.43	
Soymeal Delivered	411	414	413	420	420	424	424	427	427	428
Corn Delivered	229	229	229	231	233	235	237			

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

