

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, November 10, 2010

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

US Slaughter	
427,000 – Tuesday's	
430,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$60.41
Western Corn Belt	\$60.30
Daily National Price	\$64.17
Daily Sig3(M.Leaf)	\$110.67
Daily Sig4(M.Leaf)	\$114.05
4-Month Fwd Avg	\$127.12
#1 Export Sows (+500lbs) \$40.00 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0013CAD / \$.9987US	
<b>Cash Prices: Week Ending November 5th, 2010</b>	
49.01/108.04 Signature #3	
52.28/115.25 Signature #4	
48.80/107.59 MPMC Cash	
46.33/102.14 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 were higher yesterday and are expected to trade steady to higher again this morning as producer marketings have slowed to just over 425,000 hogs/day. At this level, some packers have not filled all of their week day shackles, forcing them to bid up the cash market. Packer operating margins still remain very strong estimated at over \$30/hog as wholesale pork prices have held up well amid the abundant supplies. Lean hog futures are trading higher as traders view the near term cash market to be stronger in the weeks ahead. The Canadian Dollar continues to bump up against par value with the U.S. Dollar but has been unable to sustain a level exceeding the U.S. Dollar. Higher commodity prices combined with the economic outlook for the U.S. will likely prevent any weakness in our currency over the next few days.

**Canadian delivered soymeal prices opened higher this morning.** After reaching 26-month highs yesterday due to unexpected USDA yield cuts, the soybean complex is trading slightly lower today. A firmer U.S. Dollar is contributing to the losses along with a decrease in exports to China. Soybean exports to China dipped 24% in October, well below traders' forecasts.

**Canadian delivered corn prices opened higher this morning.** Corn markets are trading lower this morning despite a decrease in yield forecasts in yesterday's USDA Crop Report. Analysts are suggesting that the cuts were already priced into the market. As well, export demand for corn has been particularly weak recently, which is also contributing to the bearish movement.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		112.01 115.88	118.03 125.90	129.14 132.84	132.88 136.58	136.67 146.36	151.87 155.10	152.79 157.40	155.56 157.41	151.91 156.54
(Maple Leaf Sig. #4)		116.36 119.28	120.39 125.05	128.82 131.33	133.33 135.49	135.12 142.45	146.61 150.37	150.73 152.87	151.26 152.79	151.50 153.11
Estimated Hog Margin		1.44	2.97	8.60	10.60	14.66	23.03	24.37	23.77	23.32
Soymeal Delivered	408	410	412	420	420	425	425	425	425	427
Corn Delivered	226	226	226	228	230	232	234			



## 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

