

Hog Margin Outlook

Meeting Your Marketing Needs

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

Tuesday, November 16, 2010

Hog Prices: ↔ Soymeal: ↓

Corn: ↓ Cdn Dollar: ↓

US Slaughter	
424,000 – Monday's	
431,000 – Monday's (year ago)	
US Iowa/Sthrn MN	\$62.21
Western Corn Belt	\$62.08
Daily National Price	\$65.64
Daily Sig3(M.Leaf)	\$114.53
Daily Sig4(M.Leaf)	\$117.27
4-Month Fwd Avg	\$128.92
#1 Export Sows (+500lbs) \$37.75 cwt	
B of C Ex. Rate (Noon) \$1.0065CAD / \$0.9935US	
Cash Prices: Week Ending November 12th, 2010	
50.93/112.27 Signature #3	
51.81/114.23 Signature #4	
50.13/110.51 MPMC Cash	
47.70/105.17 Springhill	

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Forward contract prices opened steady this morning. U.S. cash markets are expected to trade lower this morning, despite producers moderating their marketings over the last two weeks. Packers may be attempting to maintain their strong operating margins for an extended period of time by limiting their cash bids. Adding to their profitability is firm wholesale demand ahead of the U.S. Thanksgiving holiday, which typically positively impacts the ham, belly and loin markets. February and April lean hog futures are maintaining a strong premium over the current cash market, providing a hedging opportunity to those without protection in the 1st Quarter of 2011. The Canadian Dollar is providing some relief this morning, down half a cent to U.S.\$0.9850. Concern over Chinese demand for commodities has impacted those currencies tied to commodities.

Canadian delivered soymeal prices opened lower this morning. Renewed concerns over Chinese government policies moved soybean prices lower today as reports were made that China is trying to implement food price controls. China currently accounts for 61% of all U.S. soybean sales, so a decrease in demand would have a drastic impact. A rally in the U.S. Dollar is also having a bearish effect.

Canadian delivered corn prices opened lower this morning. U.S. corn futures are trading lower this morning due to strength in the U.S. Dollar, and a lack of confirmation regarding corn sales to China from Argentina (the second largest corn exporter). In the absence of fresh supply news, traders are watching closely for any signs of shifting demand.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)		113.54 114.95	119.63 127.59	130.87 134.61	131.76 135.51	135.23 145.01	151.20 154.46	152.13 156.78	154.26 156.12	149.42 154.08
(Maple Leaf Sig. #4)		117.93 117.93	121.01 126.73	130.53 133.07	132.31 134.49	133.75 141.15	145.96 149.75	150.11 152.28	150.01 151.54	149.11 150.73
Estimated Hog Margin		1.01	3.82	9.52	10.29	14.50	23.61	25.05	24.94	22.95
Soymeal Delivered	391	393	396	402	402	409	409	409	409	407
Corn Delivered	214	214	214	216	218	220	224			



Rothsay Animal Vegetable Feed Fat

\$728/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

