

# Hog Margin Outlook

Meeting Your Marketing Needs

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[www.mpmc.mb.ca](http://www.mpmc.mb.ca) & [www.spimg.ca](http://www.spimg.ca)

Friday, November 19, 2010

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

| US Slaughter   |          |
|--|----------|
| 427,000 – Thursday's                                     |          |
| 431,000 – Thursday's<br>(year ago)                       |          |
| US Iowa/Sthrn MN   | \$59.21  |
| Western Corn Belt  | \$59.15  |
| Daily National Price                                     | \$66.29  |
| Daily Sig3(M.Leaf)                                       | \$110.31 |
| Daily Sig4(M.Leaf)                                       | \$119.71 |
| 4-Month Fwd Avg  | \$133.94 |
| #1 Export Sows (+500lbs)<br>\$37.75 cwt                  |          |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0174CAD / \$.9829US |          |
| <b>Cash Prices: Week Ending<br/>November 19th, 2010</b>  |          |
| 51.50/113.53 Signature #3                                |          |
| 53.91/118.86 Signature #4                                |          |
| 51.08/112.61 MPMC Cash                                   |          |
| 48.48/106.87 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 higher this morning.** U.S. cash markets are finishing this week lower, despite more manageable hog supplies. Producers are pulling some hogs ahead of their normal delivery schedule in order to avoid marketing into next week's holiday shortened production schedule. U.S. packers continue to benefit from relatively stable wholesale pork values while they lower their cash bids, resulting in excellent operating margins. Retail margins have also been excellent with bacon holding at record high levels. Futures traders have an optimistic outlook for hog prices, largely due to the strength in both the wholesale and retail price for pork. The Canadian Dollar continues to be pressured by weak global economic indicators, trading close to U.S.\$0.9750.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex opened higher this morning after rebounding from previous lows. The bullish movement came as a result of weakness in the U.S. Dollar along with the easing of concerns regarding China tightening their monetary policy. The absence of changes to Chinese imports rekindled buying interest.

**Canadian delivered corn prices opened higher this morning.** The corn market is trading higher this morning as a weaker U.S. Dollar works to fuel gains. A tight supply situation continues to underpin prices, and is expected to remain a supportive feature well into 2011. Upside movement may be limited, however, by the lack of news regarding fresh export demand.

|   | Nov | Dec    | Jan    | Feb    | Mar    | Apr    | May    | Jun    | Jul    | Aug    |
|---|-----|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| Fixed Forward Range<br>(Maple Leaf Sig. #3) |     | 117.87 | 123.98 | 135.26 | 137.46 | 141.78 | 156.32 | 157.26 | 159.28 | 155.04 |
|   |     | 119.28 | 131.97 | 139.02 | 141.22 | 151.65 | 159.61 | 161.96 | 161.17 | 159.76 |
| (Maple Leaf Sig. #4)                        |     | 122.15 | 126.25 | 134.80 | 137.84 | 140.11 | 150.92 | 155.11 | 154.89 | 154.61 |
|   |     | 122.15 | 130.98 | 137.35 | 140.03 | 147.58 | 154.74 | 157.29 | 156.44 | 156.26 |
| 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    | 392    | 396    | 396    | 405    | 405    | 404    | 404    | 401    |
| Corn Delivered                              | 214 | 214    | 214    | 216    | 218    | 220    | 222    |        |        |        |



## 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

