

# Hog Margin Outlook

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Monday, November 22, 2010

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

US Slaughter	
2.326 Mill. – Last Week's	
2.321 Mill. – Last Week's (year ago)	
US Iowa/Sthrn MN	\$59.10
Western Corn Belt	\$59.09
Daily National Price	\$65.69
Daily Sig3(M.Leaf)	\$110.56
Daily Sig4(M.Leaf)	\$119.03
4-Month Fwd Avg	\$137.33
#1 Export Sows (+500lbs)	\$37.75 cwt
<b>B of C Ex. Rate (Noon)</b>	\$1.0208CAD / \$0.9796US
<b>Cash Prices: Week Ending 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.** The U.S. cash market is expected to open lower this week as packers slaughtered 422,000 hogs on Friday, close to a full production level of 425,000 hogs per day. Hog slaughter totaled 2.326 million head last week, up 0.6% from the week before, and up 0.2% compared to the same week last year. Wholesale pork prices continue to benefit from high retail pork prices, with October having a record average of U.S.\$3.63/lb. Lean hog futures rallied on Friday, with December contracts ending the week at \$69.12/cwt, up 16 cents from the previous Friday. The Canadian Dollar is trading higher this morning at U.S.\$0.9830, which may put a cap on forward prices.

**Canadian delivered soymeal prices opened lower this morning.** Traders looking to reduce their risk exposure ahead of this week's holiday schedule have soybeans trading lower this morning. As well, reports that China will raise bank reserve requirements, caused a decrease in futures as tightening liquidity requirements will decrease economic growth and import demand for China.

**Canadian delivered corn prices opened lower this morning.** Concerns regarding Chinese demand and U.S. ethanol policies have resulted in lower corn prices this morning. The U.S. Environmental Protection Agency is considering an increase in the ethanol blend rate, which is having a negative impact on prices, although they have delayed making an official ruling.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)			126.00 133.95	137.22 140.97	138.78 142.52	143.19 153.02	156.99 160.27	157.93 162.61	160.54 162.43	155.69 160.41
(Maple Leaf Sig. #4)			128.17 132.88	136.69 139.22	139.10 141.27	141.47 148.91	151.57 155.38	155.75 157.92	156.11 157.66	155.25 156.89
Estimated Hog Margin		1.01	3.82	9.52	10.29	14.50	23.61	25.05	24.94	22.95
Soymeal Delivered	387	389	390	394	394	399	399	398	398	395
Corn Delivered	209	209	209	211	213	215	217			



## 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

