



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, December 02, 2010

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

US Slaughter	
427,000 – Wednesday's	
419,000 – Wednesday's (year ago)	
US Iowa/Sthrn MN	\$66.37
Western Corn Belt	\$66.24
Daily National Price	\$67.88
Daily Sig3(M.Leaf)	\$123.36
Daily Sig4(M.Leaf)	\$122.41
4-Month Fwd Avg	\$134.30
#1 Export Sows (+500lbs)	\$39.00 cwt
B of C Ex. Rate (Noon)	\$1.0160CAD / \$.9843US
Cash Prices: Week Ending November 26th, 2010	
52.00/114.64 Signature #3	
53.58/118.12 Signature #4	
51.37/113.26 MPMC Cash	
49.60/109.35 Springhill	

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Forward contract prices opened lower this morning. U.S. cash markets came under pressure yesterday after early week gains cut heavily into packer margins. The response by packers was to shave some hours off of their planned Saturday kill. Cash markets are currently trading only \$5.00/cwt higher than last year's, while just two months ago that discrepancy grew as large as \$30.00/cwt. Lean hog futures have seen significant influence from outside markets over the last several weeks, specifically crude oil, grains and oilseeds and currency markets. The long term impact of the bullish trend in commodity prices on hog markets is also bullish as higher costs eliminate the likelihood of significant expansion in the breeding herd. However, the bearish trend seen by the U.S. Dollar is positive due to its effect on export demand.

Canadian delivered soymeal prices opened higher this morning. Weakness in the U.S. Dollar and increases in equity markets are providing support for soybean prices this morning. As well, hot weather forecasted for Argentina this weekend is likely to put stress on the crop. Upside movement may be limited, however, as China is expected to sell 300,000 tonnes of soybeans from their state reserve tomorrow.

Canadian delivered corn prices opened higher this morning. Corn futures are trading higher this morning despite a lack of fresh supportive news. Currently, corn export sales need to average 668,800 each week in order to meet the existing USDA projections. As well, production of ethanol went from 891,000 barrels for week ended Nov. 19 to 885,000 barrels for week ended Nov. 26.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)			121.05 128.90	132.14 135.83	133.98 137.68	138.53 148.26	154.47 157.72	155.40 160.03	156.55 158.41	153.43 158.08
(Maple Leaf Sig. #4)			123.30 127.96	131.71 134.22	134.40 136.55	136.93 144.29	149.14 152.91	153.26 155.42	152.23 153.76	152.98 154.60
Estimated Hog Margin			6.80	12.74	15.01	19.06	26.60	27.98	27.20	25.41
Soymeal Delivered		409	409	411	411	416	416	414	414	416
Corn Delivered		219	219	221	223	225	227			



Rothsay Animal Vegetable Feed Fat

\$713/tonne ↑ (2 – 19 mt)

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

*Price quoted is FOB Southeast Manitoba

