

Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, December 03, 2010

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

US Slaughter	
427,000 – Thursday's	
433,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$67.01
Western Corn Belt	\$66.52
Daily National Price	\$68.72
Daily Sig3(M.Leaf)	\$122.49
Daily Sig4(M.Leaf)	\$122.54
4-Month Fwd Avg	\$134.84
#1 Export Sows (+500lbs) \$39.00 cwt	
B of C Ex. Rate (Noon) \$1.0046CAD / \$0.9954US	
Cash Prices: Week Ending December 3rd, 2010	
55.89/123.21 Signature #3	
55.40/122.13 Signature #4	
54.74/120.69 MPMC Cash	
52.93/116.68 Springhill	

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Forward contract prices opened lower this morning. Cash markets finally found some footing at the end of this week with packers bidding steady for live hogs. The pork cut-out recovered most of what it lost early in the week, in large part due to a surge in ham prices. Typically, the ham primal will appreciate in value through the holiday period as demand is at its strongest and product inventory starts to get thin. Lean Hog futures are also seeing firmer trade at the tail end of this week, with traders adding more value to most of the 2011 contracts. However, the Canadian Dollar spiked up by more than a cent against the U.S. Dollar in yesterday's trade, resulting in bearish impact on forward contract prices.

Canadian delivered soymeal prices opened higher this morning. Spillover support from wheat and weakness in the U.S. Dollar are the main factors moving soybean prices higher this morning. There were no bids on the 300,000 tons of soybeans being auctioned from state reserves in China due to the high offer price. This is seen as a positive factor as China appears to be supporting high prices to the farmers.

Canadian delivered corn prices opened higher this morning. Increases in corn futures this morning came as a result of overall export sales running ahead of the average pace for this time of year. South Korea, Mexico and Japan were the biggest buyers in yesterday's sales report of 758,100 tons, which was in line with USDA expectations. Traders expect corn to remain positive with gains being limited by periodic bouts of selling.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)			121.54	132.62	134.71	138.96	154.20	155.13	157.34	153.27
			129.39	136.31	138.40	148.66	157.44	159.75	159.20	157.90
(Maple Leaf Sig. #4)			123.78	132.18	135.10	137.34	148.88	153.00	153.00	152.82
			128.43	134.68	137.24	144.67	152.64	155.14	154.52	154.43
Estimated Hog Margin			6.80	12.74	15.01	19.06	26.60	27.98	27.20	25.41
Soymeal Delivered		406	406	409	409	409	409	409	409	410
Corn Delivered		223	223	225	227	229	231			



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

