



# Hog Margin Outlook

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Wednesday, December 08, 2010

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

<b>US Slaughter</b>	
426,000 – Tuesday's	
420,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$64.74
Western Corn Belt	\$64.65
Daily National Price	\$69.20
Daily Sig3(M.Leaf)	\$119.61
Daily Sig4(M.Leaf)	\$123.97
4-Month Fwd Avg	\$135.44
#1 Export Sows (+500lbs) \$39.60 cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0093CAD / \$.9908US	
<b>Cash Prices: Week Ending December 3rd, 2010</b>	
55.89/123.21 Signature #3	
55.40/122.13 Signature #4	
54.74/120.69 MPMC Cash	
52.93/116.68 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 lower this morning.** After decreasing to its lowest level yesterday, since November 18<sup>th</sup>, the U.S. cash market increased slightly as trading closed, but is expected to remain lower this morning. Weakness in cattle, and talk that the new tax plan and stimulus will have little impact on the short term cash hog situation helped spark some of the selling. Downside movement may be limited; however, as the hog supply outlook is expected to be tight going into 2011. The USDA released data showing Canadian export of hogs from Oct. 11 to Nov. 20 to be 9,111 head, some 46% lower than a comparable period last year. This change is mainly due to continued strength in the Canadian Dollar, which is trading just over U.S.\$0.99 this morning.

**Canadian delivered soymeal prices opened lower this morning.** The soybean complex is trading lower this morning despite speculation that the USDA will increase their export projections in Friday's Supply and Demand Report. As well, analysts are anticipating a 25 billion bushel drop in ending stocks, making it the 4<sup>th</sup> month in a row in which ending estimates were decreased.

**Canadian delivered corn prices opened lower this morning.** A strengthening U.S. Dollar along with increased selling in previously strong markets such as gold and corn prompted selling in corn yesterday, moving prices lower. Downside movement may be limited, however, as traders are expected a 20 billion bushel decrease in USDA ending stock projections, which will be released on Friday.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)			120.88	131.56	133.19	137.35	153.31	154.24	156.66	153.21
			128.31	135.27	136.90	147.10	156.56	158.88	158.52	157.87
(Maple Leaf Sig. #4)			122.72	131.17	133.65	135.79	148.02	152.15	152.34	152.79
			127.39	133.69	135.81	143.16	151.79	154.31	153.87	154.41
Estimated Hog Margin			6.80	12.74	15.01	19.06	26.60	27.98	27.20	25.41
Soymeal Delivered		399	399	401	401	409	409	409	409	411
Corn Delivered		224	224	226	228	230	232			

CONGRATULATIONS

**M & D Buss Farm Inc.**

*Winner of the November 2010 Sow and Boar Lottery*