



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, December 15, 2010

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

US Slaughter	
426,000 – Tuesday's	
437,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$64.93
Western Corn Belt	\$64.91
Daily National Price	\$69.75
Daily Sig3(M.Leaf)	\$119.47
Daily Sig4(M.Leaf)	\$124.31
4-Month Fwd Avg	\$138.54
#1 Export Sows (+500lbs) \$38.50 cwt	
B of C Ex. Rate (Noon) \$1.0041CAD / \$.9959US	
Cash Prices: Week Ending December 10th, 2010	
55.25/121.81 Signature #3	
56.25/124.00 Signature #4	
54.48/120.11 MPMC Cash	
52.25/115.18 Springhill	

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Forward contract prices opened lower this morning. The U.S. cash market traded lower than expected yesterday, with February contracts closing just 20 cents lower. Analysts are anticipating that positive packer margins and an increase in pork values may put cash prices in a position to produce an upward trend into the first quarter as the market adjusts to a slower slaughter pace. However, upward movement may be limited as bitterly cold weather in the U.S. caused market-ready hogs to be backed up. Total hog slaughter for the week thus far is 844,000 head, compared to 851,000 last week at this time. The Canadian Dollar regained its earlier strength, moving to U.S.\$0.9950 this morning.

Canadian delivered soymeal prices opened higher this morning. "La Nina" dryness persisting in Argentina is providing support for soybean prices this morning after news from a weather advisor in Buenos Aires Grain Exchange indicated that the lack of moisture could cut soybean yield by 15% this season. Export sales to South Korea and Egypt are also contributing to the bullish movement.

Canadian delivered corn prices opened higher this morning. The corn market opened higher this morning as cold temperatures and heavy snowfall in the Midwest are putting a damper on sales. The move came despite strength in the U.S. Dollar, spillover weakness in wheat, and optimism for crop production in Brazil where heavy rains are forecasted for the next week.

	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Fixed Forward Range (Maple Leaf Sig. #3)			125.73	132.18	134.39	138.89	155.06	155.98	157.90	154.79
			128.96	135.87	138.08	148.59	158.29	160.60	159.75	159.42
(Maple Leaf Sig. #4)			125.50	131.75	134.78	137.27	149.71	153.82	153.53	154.29
			128.00	134.25	136.93	144.61	153.46	155.97	155.06	155.90
Estimated Hog Margin			6.80	12.74	15.01	19.06	26.60	27.98	27.20	25.41
Soymeal Delivered		411	409	409	409	417	417	420	420	422
Corn Delivered		232	232	234	236	238	240			



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

