



Hog Margin Outlook

Meeting Your Marketing Needs

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www.mpmc.mb.ca & www.spimg.ca

Wednesday, December 22, 2010

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

US Slaughter	
432,000 – Tuesday's	
438,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$67.86
Western Corn Belt	\$67.70
Daily National Price	\$69.90
Daily Sig3(M.Leaf)	\$126.27
Daily Sig4(M.Leaf)	\$126.24
4-Month Fwd Avg	\$145.51
#1 Export Sows (+500lbs) \$38.50 cwt	
B of C Ex. Rate (Noon) \$1.0175CAD / \$.9828US	
Cash Prices: Week Ending December 17th, 2010	
55.29/121.90 Signature #3	
56.47/124.49 Signature #4	
54.57/120.30 MPMC Cash	
52.47/115.67 Springhill	

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Forward contract prices opened higher this morning. Cash prices defied expectations yesterday, climbing more than \$2.00/cwt in some regions as packers have added an estimated six thousand hogs to their daily slaughter schedule. Packers are attempting to increase inventory of fresh pork ahead of next week's holiday reduced production schedule. Lean hog futures were less optimistic about hog prices over the next 2 – 6 months, but prices are still within \$1.50/cwt of the highs for spring and \$0.50/cwt for the summer. USDA economists lowered their price forecast for hogs in 2011 as they believe that the high retail price of pork will start to limit the amount of pork consumed domestically. The Canadian Dollar may be slowed from moving back to parity with the U.S. Dollar as economists believe that interest rates will remain steady in response to minimal inflation.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading steady to higher this morning after rallying near 6-week highs due to concerns regarding Argentinean production. Traders are expecting to keep a risk premium in prices, as the supply outlook continues to be threatened during this time of robust global demand.

Canadian delivered corn prices opened higher this morning. The corn market hit a new high overnight, with front month corn reaching \$6.06, the highest price seen since July 18, 2008. Dry and hot weather in Argentina during the pollination phase of development in corn is the main factor behind the bullish movement. As well, China is expected to start buying U.S. corn in early 2011.

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		134.54	137.81	139.71	144.23	157.87	158.81	162.85	151.07	147.31
		134.54	141.54	143.44	154.51	161.14	164.88	164.73	163.09	148.25
(Maple Leaf Sig. #4)		133.45	137.24	139.99	142.47	153.15	157.13	158.33	153.57	146.29
		133.45	139.77	142.15	149.89	156.23	159.85	159.88	158.48	146.56
Soymeal Delivered	422	419	424	424	432	432	433	433	435	430
Corn Delivered	241	241	243	245	247	249				

Forward Contracting Holiday Schedule

December 24- CLOSED	December 29- Regular Hours	December 31- CLOSED
December 27- CLOSED	December 30- Regular Hours	January 3- CLOSED
December 28- CLOSED		