



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, January 26, 2011

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

US Slaughter	
425,000 – Tuesday's	
403,000 – Tuesday's (year ago)	
US Iowa/Sthrn MN	\$75.97
Western Corn Belt	\$75.56
Daily National Price	\$77.17
Daily Sig3(M.Leaf)	\$138.31
Daily Sig4(M.Leaf)	\$136.78
4-Month Fwd Avg	\$162.47
#1 Export Sows (+500lbs) \$38.25 cwt	
B of C Ex. Rate (Noon) \$0.9986CAD / \$1.0014US	
Cash Prices: Week Ending January 21st, 2011	
60.97/134.42 Signature #3	
60.26/132.85 Signature #4	
59.78/131.78 MPMC Cash	
57.91/127.66 Springhill	

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Forward contract prices opened higher this morning. U.S. cash markets gained about \$1.00/cwt in yesterday's trade to the highest level seen in about 4 months. Packer operating margins are still providing strong incentives to maintain the current slaughter schedule, as they are estimated at near \$20/hog. Lean hog futures also moved higher, but the gains were not directly tied to the cash market strength. News that South Korea would be dropping its tariff on pork triggered speculation of increased exports from North America. South Korea made the decision to avoid significant food price inflation after Foot and Mouth Disease forced a massive cull on the domestic livestock industry. The Canadian Dollar has been lower recently, impacted by weaker commodity prices and lower than expected inflation.

Canadian delivered soymeal prices opened higher this morning. The soybean complex is trading higher today, working to recover after yesterday's losses. A slightly weaker U.S. Dollar coupled with higher crude oil futures is also providing support for prices. As well, the USDA announced that private exporters sold 227,000 tons to China yesterday.

Canadian delivered corn prices opened higher this morning. The corn market opened higher today as the tight supply situation again became the main focus of trade. In order to meet the growing demand of ethanol plants, livestock producers, and other end users of corn, higher prices are needed to entice farmers to commit more acres to corn. While export demand remains weak, traders are hopeful that China will be looking to buy more throughout 2011.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)			149.35 153.00	153.78 163.85	168.79 171.99	169.71 175.66	171.69 173.52	159.40 172.60	155.74 156.65	153.79 157.02
(Maple Leaf Sig. #4)			148.87 150.81	151.13 158.22	162.65 165.85	166.73 169.39	165.90 167.50	160.75 166.61	153.65 155.60	152.95 153.85
Soymeal Delivered	411	413	417	437	440	447	447	466	469	447
Corn Delivered	258	258	260	262	264	266				

CONGRATULATIONS
Van Aert Farms
Winner of the December 2010 Sow and Boar Lottery