



# Hog Margin Outlook

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Friday, January 28, 2011

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

<b>US Slaughter</b>	
419,000 – Thursday's	
427,000 – Thursday's (year ago)	
US Iowa/Sthrn MN	\$78.41
Western Corn Belt	\$77.74
Daily National Price	\$78.18
Daily Sig3(M.Leaf)	\$141.66
Daily Sig4(M.Leaf)	\$137.95
4-Month Fwd Avg	\$165.68
#1 Export Sows (+500lbs) \$38.25 cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9941CAD / \$1.0059US	
<b>Cash Prices: Week Ending January 28th, 2011</b>	
62.57/137.94 Signature #3	
61.88/136.42 Signature #4	
61.49/135.56 MPMC Cash	
59.59/131.37 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 steady this morning.** Packers increased their bids over the week due to the tight hog supply combined with good prospects for further strength in product markets. Cash markets gained approximately US\$2.00/cwt over the last week and would need to maintain this rally over the next three weeks in order to meet what the February futures contract is offering. All contract months experienced new contract highs this week, with news from South Korea providing the rationale. South Korea announced that it would eliminate its tariff on 60,000 metric tonnes of pork until June. This is an effort to offset the impact of culling close to 25% of their herd to combat Foot and Mouth Disease. The Canadian Dollar is ending the week near where it started with seemingly little that will break it out of its range.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex is trading higher as workers in Argentina are on strike. Fears of prolonged disruption to grain movement could limit their ability to market soybeans. However, favorable growing conditions in both Brazil and Argentina, the second and third largest producers of soybeans, could limit upside movement.

**Canadian delivered corn prices opened higher this morning.** Expectations that both China and Russia will increase their purchases of corn, further tightening global supplies, is moving corn prices higher today. Russia announced yesterday that the 5% import tax on grains has been suspended for both wheat and corn amidst talk that their reserve supplies are lower than their government claims.

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Fixed Forward Range (Maple Leaf Sig. #3)			153.89	158.35	170.64	171.55	172.73	158.53	153.95	151.21
			156.63	169.35	173.85	176.60	173.65	173.56	154.86	154.43
(Maple Leaf Sig. #4)			152.21	154.67	163.82	167.73	166.91	158.57	151.30	149.81
			153.45	162.31	167.02	170.57	167.89	167.09	153.43	150.70
Soymeal Delivered	413	416	419	435	439	444	444	464	467	444
Corn Delivered	258	258	260	262	264	266				

**\*\*REMINDER\*\***

**Friday January 28<sup>th</sup>** is the deadline for registering for the Low Stress Pig Handling Workshop hosted by MAFRI featuring **Nancy Lidster of DNL Farms.**

The workshop is **Friday February 4<sup>th</sup>** in Steinbach.

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