



Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, February 02, 2011

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

US Slaughter	
382,000	– Tuesday's
421,000	– Tuesday's (year ago)
US Iowa/Sthrn MN	\$81.91
Western Corn Belt	\$81.83
Daily National Price	\$80.74
Daily Sig3(M.Leaf)	\$148.82
Daily Sig4(M.Leaf)	\$142.20
4-Month Fwd Avg	\$168.14
#1 Export Sows (+500lbs)	\$38.50 cwt
B of C Ex. Rate (Noon)	
\$0.9922CAD / \$1.0079US	
Cash Prices: Week Ending January 28th, 2011	
62.57/137.94	Signature #3
61.88/136.42	Signature #4
61.49/135.56	MPMC Cash
59.59/131.37	Springhill

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Forward contract prices opened lower this morning. U.S. packers had difficulty sourcing live hog supplies to meet their slaughter both yesterday and today as a winter storm prevented producers from delivering their hogs. Yesterday, the U.S. daily slaughter was down to 382,000 hogs, while the projection prior to the winter storm was near 420,000. Packers were forced to bid up the cash market slightly, but will likely be flush with deliveries by the end of the week, resulting in lower bids. Nearby lean hog futures came off their highs that were hit earlier this week, but summer month contracts are still trading over \$100/cwt, a larger than average premium over the current cash market. The Canadian Dollar is rallying higher amid higher commodity prices and a U.S. Dollar that was weaker against most currencies.

Canadian delivered soymeal prices opened higher this morning. Strong export demand is continuing to drive soybean prices higher today. The USDA reported today that China has made another purchase of 440,000 metric tons to be delivered in 2011-2012. Upside movement may be limited on reports that the Argentinean government has ordered unions to suspend the port strike and is talking to union leaders.

Canadian delivered corn prices opened higher this morning. The expectation that poor growing conditions and worker protests in Argentina will shift corn demand to the U.S. is underpinning prices this morning. With 2010 ending supplies projected at 15-year lows, high futures prices are needed to entice more corn acres for 2011.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		155.01 157.73	159.53 170.45	171.99 175.18	172.90 177.91	173.80 174.71	157.35 173.07	152.79 153.70	147.30 153.24	138.67 143.70
(Maple Leaf Sig. #4)		153.27 154.50	155.81 163.38	165.14 168.31	169.02 171.84	167.95 168.92	157.40 166.63	150.17 152.28	145.11 149.54	138.44 140.92
Soymeal Delivered	424	426	447	451	458	458	477	480	443	443
Corn Delivered	261	263	265	267	267					

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ELIE	Feb. 11	Veterans Hall, 24 Main St. E	BRANDON	Mar. 25	Assiniboine Community College
BRANDON AREA	Feb. 25	Souris River Colony	ELIE	Apr. 8	Veterans Hall, 24 Main St. E
ELIE	Mar. 11	Veterans Hall, 24 Main St. E	TUITION WILL BE PAID BY THE MANITOBA PORK COUNCIL		