



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, February 03, 2011

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

US Slaughter	
290,000 – Wednesday's	
422,000 – Wednesday's (year ago)	
US Iowa/Sthrn MN	\$79.00
Western Corn Belt	\$79.04
Daily National Price	\$81.24
Daily Sig3(M.Leaf)	\$143.19
Daily Sig4(M.Leaf)	\$142.51
4-Month Fwd Avg	\$165.29
#1 Export Sows (+500lbs) \$38.50 cwt	
B of C Ex. Rate (Noon) \$0.9883CAD / \$1.0118US	
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. The U.S. cash market moved lower over yesterday's trade, as the winter storm that started on Tuesday, continued to prevent producers from delivering their hogs, resulting in a slaughter of only 290,000. Packers did not attempt to increase their bids, as transport was not possible, regardless of price. The storm is also causing analysts to wonder if overall meat demand decreased, with less people eating in restaurants and buying fresh groceries. Lean hog futures moved lower yesterday as a result of traders becoming concerned with increased hog supplies in the short term. The Canadian Dollar remains strong this morning, trading at U.S.\$1.0085.

Canadian delivered soymeal prices opened higher this morning. Strong weekly export sales of 4.1 million tons, well above the previous estimate of 3.8 million tons, are moving soybean prices higher. Upside movement may be limited by strength in the U.S. Dollar, along with improved production outlooks for Argentina. With normal rainfall over the next 4 weeks, we could see a major increase in Argentinean yields according to Informa Economics, a private analytical firm.

Canadian delivered corn prices opened lower this morning. Spillover support from surging wheat prices, along with continued concern regarding a lack of supply had corn prices reaching new 30 month highs yesterday. However, profit taking by traders is working to move prices lower this morning, despite strong export sales of more than 1.2 million metric tons last week.

	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		151.44 154.17	155.87 166.80	169.81 173.00	170.72 175.73	172.44 173.35	157.30 172.07	152.74 153.65	147.03 152.97	138.18 143.20
(Maple Leaf Sig. #4)		149.82 151.05	152.26 159.85	163.02 166.20	166.91 169.73	166.63 167.60	157.36 165.66	150.12 152.24	144.86 149.28	137.96 140.44
Soymeal Delivered	418	421	443	447	453	453	473	475	442	442
Corn Delivered	262	264	266	268	270					

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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		