

# Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, January 22, 2010

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

US Slaughter	
404,000—Thursday's	
435,000—Thursday's (Year Ago)	
US Iowa/Sthrn MN	\$67.06
Western Corn Belt	\$67.45
Daily National Price	\$70.13
Daily Sig3(M.Leaf)	\$129.66
Daily Sig4(M.Leaf)	\$130.54
4-Month Fwd Avg	\$135.71
#1 Export Sows (+500lbs) \$32.55/cwt	
<b>B of C Ex. Rate (Noon)</b> \$1.0487 CAD / \$0.9536 US	
<b>Cash Price (\$/cwt/ckg)</b> Cash prices for week ending January 22nd, 2010	
58.21 / 128.33 Signature #3	
59.21 / 130.54 Signature #4	
56.40 / 124.33 MPMC Cash	
53.93/118.89 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 lower this morning.

US cash markets are finishing this volatile week with gains of about \$2.00/cwt, driven by the impressive demand for fresh

pork. The pork cut-out has risen more than 10% since the start of the New Year as hams, loins and pork trimmings all continue to make counter seasonal gains. Packers and traders are reacting to the demand with caution, as packers protect their impressive gross operating margins. Longer term, futures suggest further strength in pork prices as summer month contracts hold a \$12.00/cwt premium over the cash market. These contracts are down slightly from the contract highs made earlier this week, however, recent weakness in the Canadian Dollar has had the impact of holding Canadian prices steady.

## Canadian delivered soymeal prices opened higher this morning.

Soybeans traded moderately lower overnight, erasing Thursday's gains. Yesterday's USDA Export Sales Report showed a 23% jump in soybean sales from the previous week, though the underlying tone remains bearish. The Loonie slipped below \$0.95US overnight, pushing a February-October delivered average up to \$355/MT—up \$5/MT from last Friday.

## Canadian delivered corn prices opened steady this morning.

Despite a moderately lower US Dollar, corn traded lower in the overnight session. Corn is receiving some negative pressure from faltering crude oil prices, which dropped to around \$75US overnight. Cash corn pricing is sitting relatively unchanged from one week ago.

### Weekly Comparison

WCB Cash (cwt)	+\$2.51
ISM Cash (cwt)	+\$2.43
Forward Prices (ckg)	+\$0-2
\$CDN Dollar (Per US\$)	- 0.021

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Fixed Forward Range (Maple Leaf Sig. #3)		128.77	125.26 -	130.07 -	141.33 -	143.99 -	142.36 -	137.06 -	125.98 -
			128.77	136.52	145.67	148.55	143.03	140.91	128.46
Estimated Hog Margin	4.87	7.29	8.33	12.50	19.44	21.12	19.59	16.89	10.80
Soymeal Delivered	380	376	368	357	357	355	355	352	350
Corn Delivered	154	156	158	160	162	164	166	168	170



## Rothsay Animal Vegetable Feed Fat

\$528/tonne ↔ (2 – 19 mt)

To place your order call 1-866-768-4729

\*Price quoted is FOB Southeast Manitoba

