

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

# Hog Margin Outlook

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Thursday, February 02, 2012

**Forward contract prices opened mixed this morning.** U.S. cash markets are still showing few signs of dealing with the “elephant in the room”, that is the negative operating margins packers are experiencing. In the short term, a highly competitive market is benefiting producers by paying them a higher price than current wholesale pork prices can support. The pork cut-out traded slightly higher yesterday, with loin and belly primals offsetting the weaker rib and ham cuts. Summer month Lean Hog futures are trading within \$1-\$2/cwt of contract highs, as traders anticipate good export sales with limited evidence. The Canadian Dollar is hovering near parity with the U.S. Dollar as global investors have grown more optimistic about the world's economy in the last month.

<b>US Slaughter</b>	
417,000 – Wednesday's	
281,000 – Wednesday's (year ago)	
Western Corn Belt	\$86.44
Daily National Price	\$87.80
Daily Sig3(M.Leaf)	\$157.99
Daily Sig4(M.Leaf)	\$155.40
4-Month Fwd Avg	\$162.76
#1 Export Sows (+500lbs) \$47.20cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9971CAD / \$1.0029US	
<b>Cash Prices: Week Ending January 27th, 2012</b>	
72.05/158.84	Signature #3
69.91/154.12	Signature #4
70.31/155.00	h@ms Cash
68.96/152.02	Hylife
ISO Weans \$50-69US	
Feeder Pigs \$64.50-74.50US	

## 2012 Annual District Meetings

Saskatchewan	Date	Time	Location
Swift Current	Tue, Feb 28	Noon	Wong's Kitchen; 320 S Service Road East, Swift Current
Saskatoon	Wed, Feb 29	Noon	Sandman Hotel; 310 Circle Drive West, Saskatoon

See Website for full District Meeting Schedule

**Canadian delivered soymeal prices opened lower this morning.** Market pressure was seen overnight for soybeans as prices were looking lower with less support from outside market forces and better weather forecasts for South America. China, in a private sale, picked up 120,000 U.S. tonnes of soybeans.

**Canadian delivered corn prices opened lower this morning.** Ethanol production is surprisingly high, as negative profit margins exist. Last week's ethanol production used 100.02 million bushels of corn, which is more than the necessary to meet the USDA forecasts.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		151.26 153.55	154.96 165.07	170.13 174.26	169.67 176.10	174.28 175.20	164.99 174.65	159.47 159.93	152.96 159.87	142.08 147.15
(Maple Leaf Sig. #4)		151.53 153.66	153.09 161.63	166.79 170.89	170.00 173.20	171.26 172.15	165.11 171.17	158.88 163.06	150.98 158.12	142.23 147.40
Soymeal Delivered	362	364	373	373	380	380	385			
Corn Delivered	261	264								

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