



Hog Margin Outlook

Meeting Your Marketing Needs

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Thursday, February 16, 2012

Forward contract prices opened higher this morning. U.S. cash markets are trading higher this morning with packers attempting to maintain their slaughter schedule similar to recent weeks, despite a reduction in hog numbers. The pork cut-out made its largest one day gain in months, climbing \$2.41/cwt from Tuesday. Loins, Bellies and Hams all contributed to the gain in pork prices, indicating a possible turning point for packer margins. Currently, packers are still short of any positive returns, after operating costs are factored in. Lean Hog futures are finding some support from the cash market fundamentals this morning, with the April contract trading more than \$1.50/cwt higher compared to yesterday's trade. The Canadian Dollar is also making a positive contribution to forward prices, trading just under parity with the U.S. Dollar.

US Slaughter	
420,000 – Wednesday's	
421,000 – Wednesday's (year ago)	
Western Corn Belt	\$85.25
Daily National Price	\$86.98
Daily Sig3(M.Leaf)	\$155.72
Daily Sig4(M.Leaf)	\$153.84
4-Month Fwd Avg	\$164.63
#1 Export Sows (+500lbs)	\$46.75cwt
B of C Ex. Rate (Noon)	
\$0.9965CAD / \$1.0035US	
Cash Prices: Week Ending February 10th, 2012	
70.96/156.43	Signature #3
70.26/154.89	Signature #4
69.87/154.04	h@ms Cash
68.94/151.98	Hylife
ISO Weans \$56-67US	
Feeder Pigs \$72.50-89.50US	

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. The soybean complex is under pressure this morning, with influence coming from corn and other commodity markets. Poor crop conditions in South America continues to be the primary factor that is driving soybean prices, however deferred month futures are seeing weakness this morning.

Canadian delivered corn prices opened higher this morning. Corn markets continue to see a bearish trend, as poor ethanol margins and slow export sales weigh on prices. Argentina and China recently signed an agreement that will facilitate corn exports to China. However, this year's dry conditions are likely to severely limit volumes.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov
Fixed Forward Range (Maple Leaf Sig. #3)		153.73	155.58	171.81	171.35	176.75	167.59	162.02	155.35	145.12
		154.18	165.69	175.94	177.78	177.67	177.25	162.48	162.27	150.19
(Maple Leaf Sig. #4)		152.14	153.68	168.42	171.62	173.66	167.63	161.45	153.30	145.17
		154.27	162.23	172.51	174.82	174.55	173.69	165.55	160.44	150.35
Soymeal Delivered	371	373	382	382	389	389	394			
Corn Delivered	269	269	271	276						

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Rothsay Animal Vegetable Feed Fat

\$810 tonne ↓ (2 – 19 mt)

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