

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

Hog Margin Outlook

Meeting Your Marketing Needs

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Tuesday, February 28, 2012

Forward contract prices opened lower this morning. U.S. cash bids, the pork cut-out and Lean Hog futures all started the week lower yesterday, reflecting a lack of optimism for a short term recovery. U.S. packer's margins are still under pressure, with operating margins too low to cover their fixed and variable costs. At times, export sales (which are not captured in the pork cut-out value) are strong enough to motivate packers to increase bids despite stagnant pork prices. However, evidence suggests that export sales are down from recent months, with the latest Cold Storage report showing supplies up 8% over year ago levels. Lean Hog futures are starting the day lower again this morning, with traders pessimistic about export sales potential. The Canadian Dollar is trading above parity with the U.S. Dollar this morning, largely due to stronger oil, and metal markets.

US Slaughter	
421,000 – Monday's	
411,000 – Monday's (year ago)	
Western Corn Belt	\$84.75
Daily National Price	\$88.09
Daily Sig3(M.Leaf)	\$155.08
Daily Sig4(M.Leaf)	\$156.09
4-Month Fwd Avg	\$164.95
#1 Export Sows (+500lbs) \$48.75cwt	
B of C Ex. Rate (Noon) \$0.9983CAD / \$1.0017US	
Cash Prices: Week Ending February 24th, 2012	
71.07/156.68	Signature #3
69.97/154.26	Signature #4
69.89/154.07	h@ms Cash
74.97/151.80	Hylife
ISO Weans	\$46.50-64.50US
Feeder Pigs	\$80-95US

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
Manitoba	Date	Time	Location
Southeast District - Steinbach	Fri, Mar 2	Noon	Smitty's Restaurant; Clear Spring Mall, Steinbach
Heartland Marketing District - Starbuck	Mon, Mar 5	1:30 PM	Starbuck Community Hall; 25 Main Street, Starbuck
Southwest District - Somerset	Wed, Mar 7	1:30 PM	Somerset Community Hall; 201 1st Street, Somerset
Northwest District - Neepawa	Wed, Mar 7	7:00 PM	Royal Canadian Legion #23; 423 Brown Avenue, Neepawa
H.B. Marketing District - Portage la Prairie	Thurs, Mar 8	2:00 PM	The Glesby Centre; 11 2nd Street, NE, Portage la Prairie
Interlake East District - Oak Hammock Marsh	Fri, Mar 9	1:30 PM	Oak Hammock Marsh; Snowgoose Bay at Highway 220
South Central District - Morris	Wed, Mar 14	1:30 PM	Morris Big M Centre; Stampede Grounds, Morris

Canadian delivered soymeal prices opened higher this morning. The foundation for the soybean rally appears to stem from the tightened U.S and world supply outlook for the new crop season. A drop of near 4% for the world production of soybeans by the International Grains Council last week is a large decrease. Weak crush margins in China may slow their purchasing pace, at least in the short term, offsetting some demand pressure.

Canadian delivered corn prices opened lower this morning. This spring it is anticipated that farmers will add about 2 million corn acres. The USDA estimates the yields will essentially double ending stocks. If this comes to fruition corn prices should get pushed down below the \$5 mark by the fourth quarter and early 2013.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range (Maple Leaf Sig. #3)			151.69 161.76	167.80 171.92	167.34 173.75	172.58 173.49	163.79 173.40	158.02 158.48	151.73 158.62	141.53 146.58	143.37 147.50
(Maple Leaf Sig. #4)			149.90 158.42	164.53 168.61	167.72 170.91	169.60 170.49	163.93 169.96	157.46 161.62	149.78 156.90	141.68 146.84	141.68 146.84
Soymeal Delivered	384	384	389	389	394	394	400				
Corn Delivered	265	265	271	276							

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.

Rothsay Animal Vegetable Feed Fat
\$840 tonne ↓ (2 – 19 mt)

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