

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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, February 29, 2012

**Forward contract prices opened higher this morning.** U.S. cash markets were stable in trade yesterday, with slight reductions in the hog supply matching up with weaker packer demand. Packers continue to struggle with their operating margins as the pork cut-out is priced only marginally higher than packer bids. Exacerbating this, are concerns over export demand which can offset a significant portion of the poorer domestic pork prices. Export data for beef, which is much more current, shows a weaker trend to South Korea, Mexico and Hong Kong compared to year ago levels. Summer month Lean Hog futures are down about \$2.00/cwt from their recent highs, but are finding some support this morning. The Canadian Dollar is up sharply this morning, reacting to news of good economic growth in the U.S. and the perception of greater stability in Europe.

<b>US Slaughter</b>	
422,000 – Tuesday's	
422,000 – Tuesday's (year ago)	
Western Corn Belt	\$85.38
Daily National Price	\$87.77
Daily Sig3(M.Leaf)	\$155.81
Daily Sig4(M.Leaf)	\$155.11
4-Month Fwd Avg	\$163.66
#1 Export Sows (+500lbs) \$48.75cwt	
<b>B of C Ex. Rate (Noon)</b> \$0.9956CAD / \$1.0044US	
<b>Cash Prices: Week Ending February 24th, 2012</b>	
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
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.** A smaller Brazilian soybean crop should push additional export demand to the U.S. for near term needs. China's improving crush margins, as noted by the National Grain and Oils Information Centre, could elevate their soy demands.

**Canadian delivered corn prices opened higher this morning.** China's strong demand for the old corn crop, which is tight in supply, had corn seeing a rally in prices yesterday. The possibility of a huge 2012 crop does nothing to offset current demand in this crop year amid tight supplies. South America currently lacks an exportable surplus, which could have U.S. exports increase and tighten old crop ending stocks by 50-75 million bushels, creating a bullish outlook for old crop contracts.

	Feb	Mar	Apr	May	June	July	Aug	Sep	Oct	Nov	Dec
Fixed Forward Range (Maple Leaf Sig. #3)			150.52 160.50	166.31 170.40	165.86 172.21	171.61 172.52	163.15 172.70	157.47 157.93	151.19 158.04	140.87 145.89	142.70 146.81
(Maple Leaf Sig. #4)			148.75 157.18	163.07 167.12	166.24 169.40	168.65 169.53	163.27 169.26	156.90 161.04	149.24 156.31	141.01 146.14	141.01 146.14
Soymeal Delivered	384	384	390	390	394	394	401				
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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