



Hog Prices: ↓ Soymeal: ↓
Corn: ↓ CDN Dollar: ↑

Hog Margin Outlook

Meeting Your Marketing Needs

For details call: (204)235-2237 or visit
<http://hamsmarketing.ca>

Tuesday, February 05, 2013

Forward contract prices opened lower this morning. US cash markets dropped sharply in afternoon trade yesterday, as packers attempted to control their operating margins by cutting cash bids. While most plants are running negative operating margins, as calculated by the voluntary reported meat prices, no plants seem willing to back off on their demand. This has resulted in a month of negative packer margins at a time of the year that they are least likely to be seen. Until recently, pork bellies have been the only primal cut that has been trading strong and well above year ago levels, however belly prices dropped 3.5% in trade yesterday. Lean Hog futures were weaker in overnight trade, with the main fundamental influence being the price drop in pork bellies. Traders will need to see some support in pork prices before the rally in hog futures resumes. The Canadian Dollar continues to trade around par value with the US Dollar, relatively low compared to its 2 month trading range.

| US Slaughter | |
|--------------------------|----------------------|
| 419,000 | Monday |
| 413,000 | Monday (year ago) |
| W. Corn Belt | \$87.20 |
| National Price | \$88.80 |
| Daily Sig 3 | \$159.47 |
| Daily Sig 4 | \$157.25 |
| Thunder Creek | \$160.17 |
| 4-Month Fwd | \$158.69 |
| #1 Export Sows (+500lbs) | \$ 36.50 cwt. |

| h@ms 2013 Annual District Meetings | | |
|---|---------------------------|---|
| Manitoba | Date and Time | Location |
| Manitoba West & H.B. Marketing District (joint-meeting) | Tues. Feb. 19 @ 1:30 PM | The Glesby Centre - 11 2nd St. NE, Portage la Prairie |
| Manitoba East | Fri. Feb. 22 @ 12:00 Noon | Smitty's Restaurant - Clear Spring Mall, Steinbach |
| Heartland Marketing District | Thurs. Feb. 28 @ 1:30PM | Starbuck Community Hall - 25 Main Street, Starbuck |
| Saskatchewan | Date and Time | Location |
| Swift Current | Tues. Mar. 5 @ 12:00 Noon | Wong's Kitchen - 320 S Service Road East, Swift Current |
| Saskatoon | Tues. Mar. 5 @ 6:00 PM | Sandman Hotel - 310 Circle Drive West, Saskatoon |

| | |
|--|-----------------|
| B of C Ex. Rate (Noon) \$0.9977 CAD/\$1.0023 USD | |
| Cash Prices: Week Ending February 01, 2013 | |
| Signature 3 | 71.99/158.70 |
| Signature 4 | 71.52/157.68 |
| h@ms Cash | 70.84/156.18 |
| Hylife | 70.12/154.59 |
| Thunder Creek | 72.03/158.80 |
| ISO Weans | \$54.61 US Avg. |
| Feeder Pigs | \$76.08 US Avg. |

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower this morning. There were reports that China bought both old and new crop US soybeans which supported prices yesterday. However, the anticipated cut to Argentine production estimates is expected to be offset by Brazilian gains, giving the market a bearish tone in the longer term. US sales are expected to slow eminently as South America ramps up their harvest. The Mato Grosso area in Brazil has harvested 11.4% of the bean crop as compared to 10.8% last year.

Canadian delivered corn prices opened lower this morning. US corn futures opened lower this morning. US corn is maintaining a \$15-\$17 premium over competitors despite dismal export data showing the lowest export inspections since the 2002/03 crop year. There is news that 70% of the Argentine corn crop is pollinated leaving 30% susceptible to risk associated with dry weather. Argentine corn production is expected to be revised from 28 mmt to 26.25 mmt in Friday's USDA WASDE Report.

| Fixed Forward Range | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov |
|----------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (Maple Leaf Sig. #3) | | 146.98 149.73 | 148.67 160.59 | 163.03 171.75 | 168.08 172.67 | 171.56 173.85 | 163.89 171.46 | 156.07 157.91 | 149.92 157.29 | 140.61 146.60 |
| (Maple Leaf Sig. #4) | | 147.65 148.54 | 148.49 157.91 | 159.56 167.91 | 166.67 169.87 | 168.98 170.23 | 164.85 169.07 | 155.05 161.64 | 152.13 156.30 | 142.76 149.37 |
| Soymeal Delivered | 510 | 510 | 509 | 509 | 509 | 510 | | | | |
| Corn Delivered | 296 | 298 | 301 | 304 | | | | | | |

This information is intended to aid producers in making 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.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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