



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

Hog Margin Outlook

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Thursday, February 14, 2013

Forward contract prices opened lower this morning. US cash markets are trading steady to lower, as packers are attempting to recover some of their operating margin. The pork cut-out slipped below the \$80/cwt. threshold yesterday, a level it has not breached so far this year. This drop in the cut-out results in an estimated loss of approximately \$7/hog, in meat margin, without taking into account by-products values. Slow exports are thought to be a part of the weaker trend, with Russia banning imports and volumes to China running half as large as they were one year ago. Futures traders have factored in some of this weakness into the market over the last several days, but cash market fundamentals continue to impact today's trade, with summer month contracts losing another \$0.50/cwt. early this morning. The Canadian dollar is holding steady with recent levels, just under par value with the US Dollar.

US Slaughter	
424,000	Wednesday
420,000	Wednesday (year ago)
W. Corn Belt	\$83.56
National Price	\$88.49
Daily Sig 3	\$153.47
Daily Sig 4	\$157.38
Thunder Creek	\$154.06
4-Month Fwd	\$158.92

1 Export Sows (+500lbs)
\$ 37.00 cwt.

B of C Ex. Rate (Noon)
\$1.0020 CAD/\$0.9980 USD

**Cash Prices: Week Ending
February 08, 2013**

Signature 3	72.52/159.87
Signature 4	71.85/158.40
h@ms Cash	71.17/156.90
Hylife	70.98/156.48
Thunder Creek	72.30/159.40

ISO Weans \$52.12 US Avg.
Feeder Pigs \$80.27 US Avg.

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

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower this morning. Soybean futures turned higher briefly during yesterday's trade on news of increasing delays at Brazil's ports. However, the brief uptick has turned downward overnight and the USDA's estimated weekly exports sales fell vastly short of the expected 700,000-1,000,000 mt at 135,800 mt. There are reports that almost an inch of rain fell in critical growing areas of Argentina two nights ago, stabilizing crops; more rain is forecast for later in the week.

Canadian delivered corn prices opened even this morning. US corn futures are trading lower this morning. For nine straight sessions, corn has continued a downward trajectory amid weak domestic and export demand that analysts note is the longest slide since the 1980s. In addition, markets are reacting to news that moisture forecasts for South America are relieving crop stress due to dryness. There are reports that the US Corn Belt is also receiving some drought relief, pressuring prices across all contracts.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)			143.52 155.47	157.25 165.99	162.31 166.91	165.25 167.55	158.75 165.76	150.91 152.76	144.57 151.96	136.17 142.17	141.25 141.71
(Maple Leaf Sig. #4)			143.96 153.40	154.68 163.05	161.81 165.01	163.59 164.84	159.89 164.09	150.07 156.68	146.97 151.44	136.87 145.09	139.19 142.77
Soymeal Delivered	475	475	477	477	477	478					
Corn Delivered	289	289	292								

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