



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

# Hog Margin Outlook

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Friday, February 22, 2013

**Forward contract prices opened mixed this morning.** US cash markets dropped about \$5.00/cwt. over the last week, as packers made a conscious decision to regain their operating margins by cutting cash bids. This week's slaughter level experienced only a modest reduction, due in part to some packers taking a floating holiday on Monday, US Presidents Day. The pork cut-out, as calculated in the voluntary report was up about \$1.50/cwt. this week, allowing estimated packer operating margins to move back into positive territory, at about \$9.00/hog. Lean Hog futures have come under pressure over the past week. The weaker cash market started the lower trend while news reports of China adding third party verification of imported US pork weighed on the market late this week. The Canadian Dollar sunk to its lowest level in about 7 months this week, impacted by lower commodity prices and ideas of a stronger US economy.

US Slaughter	
415,000	Thursday
421,000	Thursday (year ago)
W. Corn Belt	\$77.27
National Price	\$84.81
Daily Sig 3	\$144.26
Daily Sig 4	\$153.33
Thunder Creek	\$144.88
4-Month Fwd	\$160.25
1 Export Sows (+500lbs) \$ 38.00 cwt.	
<b>B of C Ex. Rate (Noon)</b> \$1.0185 CAD/\$0.9818 USD	
Cash Prices: Week Ending February 22, 2013	
Signature 3	66.57/146.76
Signature 4	70.28/154.93
h@ms Cash	69.60/153.43
Hylife	n/a
Thunder Creek	69.08/152.30
ISO Weans	\$48.39 US Avg.
Feeder Pigs	\$75.55 US Avg.

h@ms 2013 Annual District Meeting Schedule		
District/Locale	Date and Time	Location
Manitoba East	Feb. 22 @ 12 Noon (Today)	Smitty's Restaurant - Clear Spring Mall, Steinbach
Heartland	Feb. 28 @ 1:30PM (Thurs.)	Starbuck Community Hall - 25 Main Street, Starbuck
Swift Current	Mar. 5 @ 12:00 Noon (Tues.)	Wong's Kitchen - 320 S Service RD. E., Swift Current
Saskatoon	Mar. 5 @ 6:00 PM (Tues.)	Sandman Hotel - 310 Circle Dr. W., Saskatoon

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. It has been known for some time that logistics challenges at Brazil's ports would influence the market but until recently, those considerations were not priced into it. Eighty ships are waiting at one port compared to 31 last year and 59 are at another compared to 29 last year. Also adding price support is the annual port work stoppages which will only exacerbate waiting times. It is rumored China bought 8 cargoes from the US yesterday in light of the issues in Brazil.

**Canadian delivered corn prices opened lower this morning.** US corn futures are trading higher. There is talk that today's price increase is merely a 'bounce', primarily on the strength of the US soybean market, and that the market is bearish in the longer term. Generally, there has been no breakout news in the corn market with sideways trading as the result. A USDA projection was released yesterday with harvested acres up slightly and estimated yields up to reflect 163.5 bu./acre compared to the 122.3 bu./acre last year.

Fixed Forward Range	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)			142.44 154.68	158.12 167.06	163.30 168.01	166.44 168.80	159.90 167.16	151.88 153.76	145.59 153.15	137.27 143.41	142.47 142.94
(Maple Leaf Sig. #4)			143.95 153.61	156.49 164.70	163.42 166.70	165.38 166.66	161.69 166.07	151.82 158.40	148.86 153.43	138.79 147.21	141.17 144.83
Soymeal Delivered	531	531	535	535	535	536					
Corn Delivered	294	294	296	298							

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