



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

# Hog Margin Outlook

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Monday, February 25, 2013

**Forward contract prices opened lower this morning.** US cash markets are starting this week near steady after last week's drop of close to US\$6.00/cwt. Producers reacted to the lower prices by pulling back on their marketings, resulting in a decline in last week's slaughter of close to 3% compared to year ago levels. With this recent decline in cash bids and the pork cut-out finding some support, estimated packer operating margins are in positive territory and comparable to levels typically seen at this time of year. Lean Hog futures are expected to trade near steady today and see continued influence from the cash market this week. Any additional details on China's requirement for third party verification of US pork exports will also be a key factor in market direction. The Canadian Dollar has provided a small cushion to the weakness in our forward prices, with today being the sixth consecutive day of lower values, and the lowest price since July of last year.

US Slaughter	
2.066 mil.	Last Week
2.124 mil.	Last Week (year ago)
W. Corn Belt	\$75.42
National Price	\$84.08
Daily Sig 3	\$141.34
Daily Sig 4	\$152.58
Thunder Creek	\$140.80
4-Month Fwd	\$158.43
1 Export Sows (+500lbs)	\$ 38.00 cwt.

### h@ms 2013 Annual District Meeting Schedule

District/Locale	Date and Time	Location
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

<b>B of C Ex. Rate (Noon)</b> \$1.0224 CAD/\$0.9780 USD	
<b>Cash Prices: Week Ending February 22, 2013</b>	
Signature 3	66.57/146.76
Signature 4	70.28/154.93
h@ms Cash	69.60/153.43
Hylife	68.13/150.20
Thunder Creek	69.08/152.30
ISO Weans	\$45.90 US Avg.
Feeder Pigs	\$65.46 US Avg.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower. Friday's trade witnessed a large technical sell-off as profit taking followed news that the anticipated Brazilian port strike was being called off and rumors that Paraguay had entered the global market with a sale of beans into the US. Soybeans are expected to trade sideways amid the impending austerity measures in the US called 'sequestration', due to take effect Friday.

**Canadian delivered corn prices opened even this morning.** US corn futures are trading lower. Markets remain sensitive to the South American weather which improved in critical growing areas over the week-end. More rain is forecast for growing regions in both Argentina and Brazil this week although heavier rain in Brazil could delay a second corn planting. US growing areas saw up to an inch of moisture as a result of winter storms, influencing a bearish tone to the trade.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		140.21 152.47	156.29 165.25	161.48 166.19	164.72 167.08	158.35 165.91	150.32 152.21	143.82 151.39	140.13 141.55	140.61 141.08
(Maple Leaf Sig. #4)		141.80 151.48	154.73 162.94	161.66 164.95	163.71 164.99	160.20 164.87	150.32 156.91	147.15 151.73	136.98 145.41	139.36 143.03
Soymeal Delivered	514	516	516	516	517	517				
Corn Delivered	294	296	298							

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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