



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

# Hog Margin Outlook

Meeting Your Marketing Needs

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Wednesday, February 27, 2013

**Forward contract prices opened lower this morning.** US cash markets are expected to be steady to slightly higher this morning as hog supplies continue to run near year ago levels, while packer operating margins are back in positive territory. While far from moving higher, cash prices appear to have stabilized, with wholesale pork prices finding support in the last two weeks at \$80/cwt. Lean Hog futures have seen bearish influence from three fundamental factors; a weak cash market, concerns over export sales to China due to the requirement for third party verification, and talk of work stoppages at plants due to Federal spending cuts and their impact on meat inspectors. While the last factor mentioned is unlikely to occur, the uncertainty of this event happening has added to the bearish influence. The Canadian Dollar is trading at its lowest level since last July, providing for a \$5.00/kg increase in our cash and forward prices compared to a month ago.

| US Slaughter   |                       |
|--|-----------------------|
| 426,000  | Tuesday               |
| 423,000  | Tuesday<br>(year ago) |
| W. Corn Belt   | \$75.64               |
| National Price   | \$81.93               |
| Daily Sig 3  | \$142.53              |
| Daily Sig 4  | \$149.51              |
| Thunder Creek  | \$142.96              |
| 4-Month Fwd  | \$159.89              |
| 1 Export Sows (+500lbs)<br>\$ 39.00 cwt.                   |                       |
| <b>B of C Ex. Rate (Noon)</b><br>\$1.0280 CAD/\$0.9727 USD |                       |
| <b>Cash Prices: Week Ending<br/>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.       |

### 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         |

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher. Analysts are expecting a gradual increase in nearby futures as a result of technical buying and on news of an increase in US crush and feed demand. New crop support comes as a result of 50+ day waiting times at Brazil ports and there is talk that until the congestion clears, China, dealing with its sourcing issues, could buy US beans in the short term, instead of releasing their strategic stocks.

**Canadian delivered corn prices opened higher this morning.** US corn futures are trading mixed. Export demand for corn is believed to be picking up amid news of a 127,000 mt sale to an unknown buyer last Monday. Domestic demand increased resulting from a slight uptick in ethanol production; a new report is due today. Bearish influences include improved weather outlooks for critical US growing areas; 10-day forecasts currently indicate above normal precipitation.

| Fixed Forward Range  | Mar | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              |
|----------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| (Maple Leaf Sig. #3) |     | 140.98<br>153.23 | 157.85<br>166.80 | 163.03<br>167.74 | 166.87<br>169.23 | 160.16<br>168.00 | 152.13<br>154.02 | 145.87<br>153.42 | 137.04<br>143.19 | 142.25<br>142.72 |
| (Maple Leaf Sig. #4) |     | 142.54<br>152.21 | 156.23<br>164.44 | 163.17<br>166.45 | 165.80<br>167.08 | 161.96<br>166.90 | 152.07<br>158.66 | 149.12<br>153.70 | 138.57<br>147.01 | 140.96<br>144.62 |
| Soymeal Delivered    | 511 | 517              | 519              | 519              | 520              | 520              |                  |                  |                  |                  |
| Corn Delivered       | 301 | 303              | 305              |                  |                  |                  |                  |                  |                  |                  |

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