



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

# Hog Margin Outlook

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Friday, March 01, 2013

**Forward contract prices opened higher this morning.** US cash markets are finishing the month \$12/cwt. lower than where they started, with the 14% drop in value being the largest monthly decrease since last summer. Packers slashed their cash bids in order to bring their operating margins back to positive territory, but a slowdown in export sales exacerbated the weakness. Currently, packers are estimated to be making close to \$10/hog, when using the voluntary pork cut-out figures. Lean Hog futures have been directly influenced by the weaker cash market and news of China's requirement for third party verification of pork destined for that country. The verification requirement is to be enacted today, but exporters say that they have been provided with no instructions on the process or documentation. The Canadian Dollar continues to trade at the lower end of its recent trading range with the impact being a \$5.00/pkg increase prices compared to levels seen at the start of February.

US Slaughter	
427,000	Thursday
421,000	Thursday (year ago)
W. Corn Belt	\$76.34
National Price	\$80.39
Daily Sig 3	\$143.92
Daily Sig 4	\$146.76
Thunder Creek	\$144.58
4-Month Fwd	\$160.89
1 Export Sows (+500lbs)	\$ 39.00 cwt.
<b>B of C Ex. Rate (Noon)</b> \$1.0285 CAD/\$0.9722 USD	
<b>Cash Prices: Week Ending March 1, 2013</b>	
Signature 3	64.58/142.37
Signature 4	67.80/149.48
h@ms Cash	67.12/147.98
Hylife	n/a
Thunder Creek	65.54/144.50
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
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 lower this morning.** US soybean futures are lower. US 'sequestration' and weak economic data coming from China is pushing US soybeans lower. Chinese factory growth was reported at a five month low on weaker demand for Chinese products, curbing economic outlooks. Support comes from Brazil's port and infrastructure issues and rumors that China has cancelled Brazilian beans in favour of US orders. The USDA notes that weekly export data surpassed upper limit expectations of 1 mmt and settled at 1.171 mmt.

**Canadian delivered corn prices opened lower this morning.** US corn futures are lower. There is talk that technical selling and profit taking are pushing prices lower this morning. One reason cited is a more pessimistic tone regarding the US's economic future. 'Sequestration' (controversial spending cuts) came into effect midnight, March 1 resulting in market uncertainty. Commodities are expected to remain under some pressure until the uncertainty relating to the broad spending cuts is resolved.

Fixed Forward Range	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(Maple Leaf Sig. #3)		141.32 153.61	159.00 167.98	164.20 168.92	170.12 170.60	161.41 169.20	153.36 155.25	147.29 154.90	138.60 144.78	143.83 144.30
(Maple Leaf Sig. #4)		142.89 152.59	157.35 165.59	164.68 167.61	167.13 168.41	163.18 168.06	153.28 159.88	150.55 155.15	140.11 148.58	142.50 146.19
Soymeal Delivered	515	520	523	523	523	523	523			
Corn Delivered	301	303	305							

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