



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 07, 2018

For details call: (204)235-2237 or visit

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

US Slaughter	
466,000	Tuesday
447,000	Year Ago
Daily Prices	
W. Corn Belt	\$72.64
National	\$75.44
Iowa/S. MN.	\$72.67
Signature 5	\$167.32
HyLife (prev. day)	\$165.75
Britco (prev. day)	\$166.53
TCP/BP2	\$167.32
<b>BoC Rate (Noon) prev. day</b>	
\$1.2530 CAD / \$0.7981 USD	
Cash Prices Week Ending February 03, 2018	
Signature 3	158.44/71.87
Signature 4	161.82/73.40
Signature 5	160.13/72.63
h@ms Cash	158.63/71.95
HyLife	160.17/72.90
Britco	157.34/71.37
TCP/BP2	160.45/72.78
2017 Top-Up	
\$4.22/ckg (call for details)	
ISO Weans	\$71.62 US Avg.
Feeder Pigs	\$88.61 US Avg.

**Forward contract prices opened lower this morning.** US cash markets were stable in yesterday's trade with most regions reporting only modest changes in packers' bids from Monday. However, the pork carcass cut-out has seen weakness recently albeit not across all cuts or locations. The USDA captures primal cut values on two separate reports, one at individual plant locations and another that measures value of pork in storage in Omaha, Nebraska. The two prices typically track very close together, but recently we have seen pork prices at the plants losing value due to sharply lower ham and belly prices, which could indicate a change in trend. Influence from weaker stock and commodity markets have weighed on Lean Hog futures, with summer month contracts down \$3.50 or 4% of their value, while the October – December contracts have experienced more resilience, down only 1.5% from Friday's close. Summer month forward contract prices are down close to \$10/ckg. from their highs, despite no apparent change in market fundamentals for this timeframe.

**Canadian delivered soymeal prices opened higher this morning.** There is still some volatility in outside markets adding to some uncertainty in commodities, but the trade is also focused on South American weather and tomorrow's WASDE report. Argentina remains dry and traders will be looking for production adjustments in the Thursday report. Pre-report estimates suggest the market is expecting 54.1 MMT for Argentina although Brazil is coming in with a 111.2 MMT production estimate on good early harvest yields which would offset production challenges in Argentina. Average ending stocks estimates for the USA are pegged at 486 million bu. although some recent export softness could add to the supply side domestically.

**US corn futures opened higher this morning.** Strength in US corn futures has returned to the trade that currently see the market trading just below \$3.65 USD/bu. for the March contract. Recent demand (export sales) has given the market a boost even though there is still a lot of corn in the marketplace. The pre-report ending stocks estimate is coming in at 2.468 billion bu. and while 2.5 billion has been suggested earlier, the market is expecting an adjustment to the demand side which could prevent the higher estimate from being realized. Like beans, South American production is expected to be lowered by approximately 2 MMT in both countries in tomorrow's report.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		150.17	149.99 150.10	154.45 168.61	166.51 178.08	170.50 175.27	169.19 175.04	150.91 164.76	148.81 152.53	133.48 144.75	132.47 136.23
Soymeal Wpg/S. Man Delivered	451	451	455	455	457	457					

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2018 District Meetings	Date	Time	Location
Swift Current	Tuesday, February 27	12:00 Noon	Days Inn-905 North Service Road East, Swift Current
Saskatoon	Wednesday, February 28	12:00 Noon	Comfort Suites - 203 Bill Hunter Ave., Saskatoon
H.B. Marketing & MB West	Thursday, March 1	2:00 P.M.	Glesby Centre -11-2nd St. NW, Portage La Prairie
Manitoba East	Friday, March 2	12:00 Noon	Smitty's Restaurant - Clear Spring Centre, Steinbach
Heartland Marketing District	Thursday, March 8	2:00 P.M.	Starbuck Community Hall - 25 Main Street, Starbuck