



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 08, 2018

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

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

US Slaughter	
466,000	Wednesday
437,000	Year Ago
Daily Prices	
W. Corn Belt	\$71.59
National	\$75.66
Iowa/S. MN.	\$71.72
Signature 5	\$166.56
HyLife (prev. day)	\$166.84
Britco (prev. day)	\$164.56
TCP/BP2	\$166.56
BoC Rate (Noon) prev. day	
\$1.2546 CAD / \$.7971 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 mostly lower this morning. US cash markets pulled back in yesterday's trade, losing about USD\$1.00/cwt and most of the gains that accrued over the last week. Packers have still been able to secure enough supplies to meet their full production schedule with daily slaughter for the last three days averaging 466,000 hogs. Weakness in hams and bellies resulted in nearly \$1.00 USD/cwt decline in the carcass cut-out which likely led to the pull back in packer bids. Yesterday, the final US export numbers were released for 2017 and showed 6% more pork sold to export markets than in 2016. The value of all pork exports rose 9% compared to the year previous which suggests export demand growth from 2016 to 2017. However, the December data did show a modest decline compared to December 2016 with the volume of exports down 1% despite record large production. Summer month lean hog futures fell to their lowest level since October 2017 in yesterday's trade with heavy influence from the stock and commodity markets, and seemingly no positive influence from the confirmation of record 2017 exports.

Canadian delivered soymeal prices opened higher this morning. Weather issues in Argentina are well documented and concerns over lost production have been talked about recently, but there are also thoughts Brazil could offset any perceived deficit. Today, some of those thoughts may become clearer in the February WASDE report that will be released at 11:00AM (Central). Revisions in South America are expected, and there has been talk the reports will likely be neutral-to-bearish. However, recall that the WASDE report has surprised the market in almost every release since last summer. The average pre-report estimates are for US ending stocks to come in at 470 million bu. (no change from Jan.), Argentina to produce 54.06 MMT (~2 MMT lower than Jan.), and Brazil to produce 111.2 MMT (up from the 110 MMT estimate last month).

US corn futures opened higher this morning. The US corn futures market is also awaiting fresh news from today's WASDE report in a market that has traded among highs that haven't been seen since last November. There is talk that first crop harvest in Brazil is on pace, but that second crop planting is about half of where is normally is at this time of year. Argentine weather is also challenging and adding support. Pre-report estimates suggest the market is expecting (on average) for US ending stocks to come in at 2.477 billion bu. (up from 2.468 in the January report), Argentina to produce 40.68 MMT (down from 42 MMT last month) and Brazil to produce 93.73 MMT, also lower than the 95 MMT pegged in the January report.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		149.83	149.63 149.74	154.27 168.50	166.4 178.02	170.78 175.58	169.40 175.29	151.01 164.94	148.50 152.23	132.35 143.66	131.33 135.11
Soymeal Wpg/S. Man Delivered	458	458	462	462	465	465					

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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