



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 09, 2018

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

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

US Slaughter	
465,000	Thursday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$70.24
National	\$75.39
Iowa/S. MN.	\$70.39
Signature 5	\$165.22
HyLife (prev. day)	\$166.47
Britco (prev. day)	\$162.01
TCP/BP2	\$165.22
<b>BoC Rate (Noon) prev. day</b>	
\$1.2585 CAD / \$.7946 USD	
Cash Prices Week Ending February 10, 2018	
Signature 3	165.00/74.84
Signature 4	166.86/75.69
Signature 5	165.93/75.27
h@ms Cash	164.43/74.58
HyLife	n/a
Britco	160.26/72.69
TCP/BP2	160.13/72.63
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 mixed this morning.** US cash markets continued the lower trend established earlier in the week, losing nearly \$1.00 USD/cwt in most reporting regions. Hog supplies have been predictably large with packers able to maintain full production even after cutting their bids. Packers are attempting to minimize the effect of the drop in ham and belly prices over the past week which together make up more than 40% of the carcass by weight. The cut-out value has lost about \$4.50 USD/cwt (approximately 5% of its value) with almost all of the weakness coming from those two primal cuts. After three days of big losses early this week that followed the stock market trend, lean hog futures found support yesterday and were able to close near-steady with the previous day. The weakness does not relate to any new fundamental information in the market and the move has set back prices to levels not seen since mid-November. Producers with or without price protection on a portion of their production should consider setting targets \$10 -\$12 CAD/kg higher than current May – September prices.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading lower this morning, but the action is difficult to pin on any one event (yesterday's WASDE report for example) as external markets are still reacting to recent stock and equities weakness which has been relatively volatile this week. In any event, the February WASDE report increased US ending stocks coming in just 5 million bu. under the upper range of estimates (530 million bu.). As expected, Argentine production was cut by 2 MMT and Brazil production was raised by the same amount for a net zero change from the region. Global carryout estimates were lowered slightly which provides underlying support that could be exaggerated if Argentina weather remains dry-to-uncooperative.

**US corn futures opened lower this morning.** Like beans, US corn futures are under pressure even though yesterday's WASDE report painted a more dynamic fundamental picture. American ending stocks were lowered on recently good demand which was considered supportive. Brazilian corn production came in near the upper end of the pre-report range (bearish), but the USDA now thinks Argentina will produce less than 40 MMT which was 1 MMT lower than the lowest estimate in the pre-report range. Unlike beans, corn production is more global in scope so production losses in Argentina are not as significant as with beans or meal. On that note, world ending stocks were lower than the average trade estimate and the January numbers, but not low enough to spark new buying.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		150.56	150.34 150.45	154.36 168.63	166.52 178.18	170.62 175.421	169.69 175.58	151.41 165.34	149.12 152.85	132.87 144.20	131.85 135.64
Soymeal Wpg/S. Man Delivered	461	461	465	465	467	467					

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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