



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 12, 2018

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

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

US Slaughter	
2.389 mil.	Last Week
2.360 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$69.95
National	\$74.99
Iowa/S. MN.	\$70.10
Signature 5	\$164.75
HyLife (prev. day)	\$166.09
Britco (prev. day)	\$161.65
TCP/BP2	\$164.75
BoC Rate (Noon) prev. day	
\$1.2609 CAD / \$.7931 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	165.63/75.13
Britco	160.26/72.69
TCP/BP2	160.13/72.63
2018 Top-Up Estimate	
\$1.01 /ckg (call for details)	
ISO Weans	\$72.29 US Avg.
Feeder Pigs	\$82.61 US Avg.

Forward contract prices opened lower this morning. US cash hog prices were under pressure all last week as hog supplies were abundant; 2.39 million were slaughtered last week which is 1.2% larger than the same week in 2017. Packers were unwilling to maintain a steady trend in their bids as wholesale pork prices were sharply lower, ultimately losing close to \$6.00 USD/cwt over the week. All of the primal cuts struggled to maintain their value, but the largest declines were seen in pork bellies that dropped about \$27 USD/cwt or nearly 20% of their value. The abrupt change in trend in both hog and pork prices is concerning as it calls into question the strong domestic demand that the market has benefitted from over the last two years. Lean hog futures are reflecting the recent weakness with the summer month contracts down 10% from the highs put in one month ago. Producers that have not taken any protection on their summer production should consider setting targets for the May - September timeframe at \$170 - \$175/ckg, in order to mitigate some price risk that appears to be growing.

Canadian delivered soymeal prices opened higher this morning. A slow Brazilian harvest and ongoing weather concerns are supporting the market to start the week. Brazil harvest is estimated at 10% completed compared to the 19% level at the same time last year. Showers over Argentina late last week into the weekend didn't do much to alleviate dryness concerns and the return of hot temperatures this week will likely provide rationale for the market to move higher; rain forecast for the week is expected to be light and sporadic. On the other hand, at least one Brazilian analyst thinks the Brazil production is underestimated by the USDA by as much as 5 MMT which would push production to 117.5 MMT. A production of 117 MMT would be a new record for Brazil.

US corn futures opened higher this morning. There are thoughts that some of the recent volatility in the 'outside markets' is inciting traders reposition themselves. The Commitment of Traders report released on Friday indicated some short covering activity as managed money reduced short positions. Fundamentally, however, the news could keep the upside in check. There is talk Chinese purchases have cancelled some US cargoes and replaced them with Ukrainian corn due to a tightening of GMO entrance restrictions. While China is not a huge importer of US corn relatively speaking, the news is still a blow to the trade that has otherwise seen some decent export activity recently.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.44	148.29 148.41	152.77 167.03	164.91 176.56	169.57 174.36	168.76 174.64	150.69 164.59	148.43 152.16	132.71 144.02	131.69 135.47
Soymeal Wpg/S. Man Delivered	484	484	489	489	488	488					

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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