



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 13, 2018

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

www.hamsmarketing.ca

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

US Slaughter

462,000 Monday
441,000 Year Ago

Daily Prices

W. Corn Belt \$68.98
National \$74.25
Iowa/S. MN. \$69.16
Signature 5 \$162.73
HyLife (prev. day) \$164.78
Britco (prev. day) \$159.41
TCP/BP2 \$162.73

BoC Rate (Noon) prev. day
\$1.2603 CAD / \$0.7935 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 higher this morning. US cash markets dropped under the benchmark price of \$70 USD/cwt in yesterday's trade, pushing values to their lowest level in a month. However, the pork complex received significant support from all of the primal cuts making up the pork carcass cut-out with pork bellies seeing the largest gains of nearly \$9.00 USD/cwt. At the end of last week, estimated pork packer margins had dropped to their lowest level in about three years which would eventually force packers to cut their cash hog bids in an effort to maintain profitability. However, yesterday's recovery in wholesale pork prices have bought them some time. Lean hog futures gained more than \$1.00/cwt across all offered contracts as they experienced influence from stronger pork prices. There are renewed concerns about the heavy supply and the impact that this may have on prices, especially in the context of uncertain trade relationships. Producers should consider hedging up to 1/3 of their May – December production by setting targets at levels 2% higher than current forward prices, or approximately \$3.00 CAD/kg higher.

Canadian delivered soymeal prices opened higher this morning. While there are some bearish developments taking place (Chinese cancellations on either quality and/or retaliatory trade issues as well as some excellent production estimates coming from Brazil), the immediate terms is very much supportive. Argentina production remains an ongoing concern, but there is also an Argentine trucker's strike taking place and some logistics issues in Brazil that is preventing new supplies from hitting pipelines. Further out, there is more concern that even exceptional production from Brazil might not be enough to cover Argentine losses; even if they could, Brazil would likely not fill the export capacity gap that Argentina currently markets to. Combined with the recent CAD move lower, Canadian meal is ~\$45 CAD/MT (!) higher than Tuesday, last week.

US corn futures opened higher this morning. US corn futures are now trading past the upper end of the last-established range and have yet to define a new top. The uncertainty in equities, talk of ongoing demand for US corn in the global market and weather concerns in South America are all supporting the trade this week. The nearby contract is currently trading above \$3.67 USD/bu. which is a level that has not been seen since last October, before final harvest results pushed the trade lower. A strong export report on Thursday could provide additional support to the market that has been in a steady upswing week over week since the middle of January.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		151.91	151.74 151.85	154.92 169.18	167.07 178.72	171.28 176.08	170.92 176.80	151.75 165.67	149.61 153.35	133.20 144.53	132.18 135.96
Soymeal Wpg/S. Man Delivered	497	497	501	501	499	499					

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[h@ms Marketing Services will be closed Monday, February 19](#)

for Louis Riel Day (MB) and Family Day (SK and AB).

Forward contracting will be unavailable and the HMO/Opening Price reports will subsequently not be published. Normal business resumes on Tuesday, February 20.