



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 14, 2018

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

www.hamsmarketing.ca

Hog Prices: ↓↑ Soymeal: ←→

Corn: ↑ CDN Dollar: ↑

US Slaughter

462,000 Tuesday
431,000 Year Ago

Daily Prices

W. Corn Belt \$68.07
National \$74.16
Iowa/S. MN. \$68.15

Signature 5 \$161.53
HyLife (prev. day) \$164.49
Britco (prev. day) \$157.05
TCP/BP2 \$161.53

BoC Rate (Noon) prev. day
\$1.2600 CAD / \$0.7937 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 mixed this morning. US cash markets were lower again in yesterday's trade with packers still reacting to the severe tightening of their operating margins over the last two weeks. Most regions reported declines of about \$1.00 USD/cwt which takes prices to their lowest level since January 10. However, wholesale pork prices recovered some of last week's losses with the value of the cut-out climbing \$0.80 USD/cwt. Pork prices have been experiencing increased volatility with concern growing over the market's ability to consume the added supply without offering significant price concessions. The lean hog futures trade has reflected these concerns as the summer month contracts are down approximately \$5.00 USD/cwt from the highs put in about one month ago. Forward contract prices are setup in a typical price pattern for this time of year with forward prices suggesting we will see cash prices lose about \$12 CAD/kg over the next two months followed by an appreciation about \$25 CAD/kg into the summer highs.

Canadian delivered soymeal prices opened even this morning.

US soybean futures are trading higher once again this morning but have backed off from the recent trajectory. There is talk that the market is a bit overdone, but also acknowledgment that, occasionally, some repositioning activity takes place ahead of a long weekend (Monday is President's Day in the US). There are showers forecast in Argentina on Friday heading into the weekend, but they will likely be regional in scope and not yet provide the widespread coverage that's required to provide stress relief. The Chinese Lunar New Year celebrations begin today and there are thoughts that Chinese buyers will mostly be on the sidelines for the duration of the holiday which officially runs for three days but is unofficially celebrated over a longer period; most businesses remain closed for a week or longer.

US corn futures opened higher this morning. US corn futures are likewise showing sustained strength. Uncertainty in external markets, repositioning ahead of the long weekend, and sustained demand numbers have been supportive. The nearby contract is currently trading over \$3.67 USD/bu. which has not been seen since last October. There was more news of purchasing in international markets and tomorrow's export report should provide some more insight on the health of the US's export trade. On that note, the Mexican Agriculture Minister has stated Mexico will import about 13 MMT of corn in 2018 (which is similar to 2017 levels). The US is traditionally the number one exporter to Mexico, but there has been some recent uncertainty over this previous inevitability.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		150.89	150.66 150.78	154.29 168.53	166.42 178.05	171.63 176.45	171.34 177.24	152.85 166.82	149.77 153.50	133.56 144.86	132.54 136.32
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). US markets are closed for President's Day.

Forward contracting will be unavailable and the HMO/Opening Price reports

will subsequently not be published. Normal business resumes on Tuesday, February 20.