



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 16, 2018

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

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

**Forward contract prices opened lower this morning.** US cash markets traded consistently lower over the last week with the Midwest regions reporting a \$5.00 USD/cwt decline. This week's slaughter is anticipated to be 2.4 million hogs or about 1.6% larger than the same week last year which is similar to levels experienced so far in 2018. However, supplies have been lagging expectations that came from the last Hogs and Pigs report which suggested slaughter would grow about 2 - 2.5% larger than year ago levels in the 1<sup>st</sup> Quarter of 2018. Lean hog futures have struggled to find support in the last week with the price trend being one step forward, two steps back. Traders appear to have grown more pessimistic, however it is important to note that both cash and futures values are trading higher than they were at this time last year. The next round of NAFTA negotiations start in about 10 days which could be a critical factor impacting the October – December timeframe. Producers should look to cover a third of their intended production in this timeframe at an average price of \$145 CAD/kg in order to secure profitable hog production amid significant uncertainty.

**Canadian delivered soymeal prices opened even this morning.** US soybean futures were trading higher at the opening bell but have since retraced and are trading lower as of this writing. The bean trade has seen exceptional support over the last week, leading the complex and edging Canadian meal prices approximately \$50 CAD/MT compared to the previous week. The prime concern stems from Argentina where dry weather is stressing the crop in the number one exporter of meal in the world. These was earlier talk that Brazil would likely offset the losses, and they may in a bushel to bushel analysis. However, Brazil and Argentina market and utilize beans differently and Brazil would likely not fill a global meal void.

**US corn futures opened lower this morning.** Like beans, US corn futures are also trading lower ahead of the Canada/USA long weekend. The Lunar New Year celebrations could be contributing to the weakness as global buyers in the east Asian region take holidays that could stretch into the next week. Yesterday's export sales report was considered bullish, coming in higher than pre-report expectations. But there is also some talk that the market could be reaching technical highs. There is also a lot of corn needed to clear the market before fundamental support returns in full force.

US Slaughter	
462,000	Thursday
390,000	Year Ago
Daily Prices	
W. Corn Belt	\$65.51
National	\$73.38
Iowa/S. MN.	\$65.54
Signature 5	\$156.55
HyLife (prev. day)	\$162.24
Britco (prev. day)	\$149.92
TCP/BP2	\$156.55
BoC Rate (Noon) prev. day \$1.2507CAD / \$0.8000 USD	
Cash Prices Week Ending February 17, 2018	
Signature 3	156.56/71.02
Signature 4	165.39/75.02
Signature 5	160.98/73.02
h@ms Cash	159.48/72.34
HyLife	163.73/74.27
Britco	164.05/74.41
TCP/BP2	165.93/75.27
2018 Top-Up Estimate	
\$1.01 /ckg (call for details)	
ISO Weans	\$72.29 US Avg.
Feeder Pigs	\$82.61 US Avg.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		147.25	147.03 147.14	153.95 168.13	166.03 177.60	171.61 176.39	170.91 176.77	151.93 165.80	149.48 153.20	133.33 144.59	132.32 136.08
Soymeal Wpg/S. Man Delivered	503	503	507	507	503	503					

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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.