



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 22, 2018

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

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

## Forward contract prices opened mostly higher this morning.

US cash markets remain in a choppy and lower trend with US packer bids dropping about \$0.50 USD/cwt in yesterday's trade. Packers are attempting to match their bids to changes in wholesale pork prices in order to manage operating margins, but pork prices have not followed a consistent trend. The USDA will release its latest Cold Storage report this afternoon which is expected to show a growing inventory of both hams and bellies and will influence futures values in tomorrow's trade. Summer month lean hog futures moved higher yesterday and are trading in the middle of the 3-month trading range as traders remain hesitant to add value to these contracts while cash prices are on the downtrend. However, producers should shift their focus to the September – December timeframe and cover up to one third of their intended production at current prices in order to secure profitable production in this risky timeframe. Prices in the last half of 2018 represent good value compared to the cash prices of the last 3 years and it is in this period that production is expected to increase by 5% over 2017 levels.

## Canadian delivered soymeal prices opened even this morning.

The bean story is becoming more detailed as information trickles out from South America. In addition to weather concerns (that are seeing production estimates reduced almost daily; 44 MMT now estimated from some sources compared to 47 -49 MMT elsewhere) not to mention 'catching up' from the most recent truckers' strike, there is talk Argentine producers are withholding beans as a hedge against inflation and upcoming tax policies. Unsurprisingly, this is supporting the market and until these issues are resolved, Canadian meal purchasers should expect to see support in the short-to-mid term. While beans have backed off the recent highs, the nearby contracts are among highs not seen since last August.

**US corn futures opened higher this morning.** Due to the holiday, the export sales report typically released on Thursdays will not be released until later. As well, the USDA's Outlook Conference starts today and the trade will start to get its first look at planting intentions for the next marketing year. There is talk that corn acreage could come in lower as farmers are thought to be incented to plant beans. In any event, the trade will likely take the new information into consideration when it becomes available. In the meantime, US corn futures, having backed off from the upper end of the recently established range, are not as supported as the bean trade.

US Slaughter	
460,000	Wednesday
446,000	Year Ago
Daily Prices	
W. Corn Belt	\$63.72
National	\$71.32
Iowa/S. MN.	\$63.48
ML Signature 5	\$154.21
HyLife (prev. day)	\$158.44
TCP/BP2	\$154.21
BoC Rate (Noon) prev. day \$1.2671 CAD / \$0.7892 USD	
Cash Prices Week Ending February 17, 2018	
Signature 3	156.56/71.02
Signature 4	165.39/75.02
Signature 5 Brandon	160.98/73.02
h@ms Cash	159.48/72.34
HyLife	163.73/74.27
TCP/BP2 Moose Jaw/Langley	165.93/75.27
2018 Top-Up Estimate	
\$1.54 /ckg (call for details)	
ISO Weans	\$68.21 US Avg.
Feeder Pigs	\$83.99 US Avg.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			152.71 153.06	159.16 174.19	172.06 183.78	177.64 182.48	176.31 182.25	155.50 169.56	152.74 156.50	136.04 147.45	135.02 138.83
Soymeal Wpg/S. Man Delivered	516	516	516	516	517	517					

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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