# Hog Margin Outlook

*Meeting Your Marketing Needs*

**Monday, February 26, 2018**

For details call: (204)235-2237 or visit www.hamsmarketing.ca

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

| US Slaughter | |
|---|---|
| 2.373 mil. | Last Week |
| 2.266 mil. | Year Ago |

| Daily Prices | |
|---|---|
| W. Corn Belt | $62.57 |
| National | $70.60 |
| Iowa/S. MN. | $62.67 |
| ML Signature 5 | $152.02 |
| HyLife (prev. day) | $157.91 |
| TCP/BP2 | $152.02 |

**BoC Rate (Noon)** *prev. day*
$1.2668 CAD / $0.7894 USD

| Cash Prices Week Ending February 24, 2018 | |
|---|---|
| Signature 3 | 148.83/67.51 |
| Signature 4 | 161.13/73.09 |
| Signature 5 Brandon | 154.98/70.30 |
| h@ms Cash | 153.48/69.62 |
| HyLife | 158.51/71.90 |
| TCP/BP2 Moose Jaw/Langley | 160.98/73.02 |

**2018 Top-Up Estimate**

$2.07 /ckg (call for details)

| | |
|---|---|
| ISO Weans | $66.09 US Avg. |
| Feeder Pigs | $85.86 US Avg. |

***Forward contract prices opened higher this morning.*** *US cash markets finished last week lower, with packer bids dropping to their lowest levels seen so far in 2018. US packers have struggled to maintain profitable operating margins, with increased competition from the new plants shaking up the competitive environment. Wholesale pork prices moved higher late in the week, which resulted in a significant improvement in packer profitability for the time being. However, growing pork inventory as well as production levels that are expected to increase by 5% over 2017 levels will likely moderate the gains that are typically seen over the next 3 months. With all of the Lean Hog futures contracts trading at or near contract highs and the Canadian Dollar trading at the low end of its 3-month trading range, forward contract prices for the last half of 2018 are offering the highest prices seen so far this year. Producers should look to mitigate some of their price risk at current values, with particular focus on the Sep – Dec timeframe.*

***District meetings start this week (see below). We hope to see you there !***

***Canadian delivered soymeal prices opened higher this morning.*** *US soybean futures are once again trading higher as Argentine production estimates are now coming in with numbers that could hint at the extent of crop damage. The Rosario Exchange has lowered its soybean production estimate to 46.5 MMT from the previous 51.5 MMT. Private estimates are even more bullish with some coming in as low as 40 MMT; the USDA's current estimate is in the 54 MMT range. On the other hand, the recent outlook conference in Washington predicts price pressure to follow the US growing and harvest season, suggesting, quite rationally, that some price softness could develop, but only if normal weather patterns develop in the US this year.*

***US corn futures opened higher this morning.*** *Like beans, US corn futures are showing support to start the week. And also like beans, some of that support is coming from South America where in Argentina (the world's third largest producer of corn) production estimates are also coming in lower than previous expectations. The Rosario Exchange has lowered production estimates ~5MMT to 35 MMT from a previous 40 MMT expectation. Other private estimates come in as low as 31MMT compared to the USDA's 39MMT estimate. All eyes will be on the next WASDE report coming out next week.*

| Fixed Forward Range (at opening) | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Maple Leaf Sig. #5 | | | 156.38<br>156.72 | 163.47<br>178.51 | 176.38<br>188.10 | 181.11<br>185.95 | 179.06<br>184.99 | 157.94<br>171.98 | 155.28<br>159.04 | 138.45<br>149.83 | 137.42<br>141.22 |
| Soymeal Wpg/S. Man Delivered | 523 | 523 | 523 | 523 | 524 | 524 | | | | | |



| 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 |