Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 27, 2018

For details call: (204)235-2237 or visit
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Hog Prices: ↓ *Soymeal:* ↑
Corn: ↑ *CDN Dollar:* ↓

US Slaughter	
461,000	Monday
444,000	Year Ago

Daily Prices	
W. Corn Belt	$62.72
National	$69.75
Iowa/S. MN.	$62.77
ML Signature 5	$151.45
HyLife (prev. day)	$155.50
TCP/BP2	$151.45

BoC Rate (Noon) *prev. day*
$1.2686 CAD / $0.7883 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 lower this morning. *US cash markets made modest gains in yesterday's trade with the Midwestern regions reporting packer bids gained about $0.20/cwt. It is unlikely that cash prices will break out of the weak, choppy trend any time soon unless the wholesale pork market is able to make substantial gains. Last year's wholesale pork trend saw prices erode into late April, then move sharply higher to their peak in mid-July, driven by broad support seen in all of the primal cuts. This week, Lean Hog futures could see some influence from the latest round of NAFTA negotiations. If some progress is made on the remaining contentious issues such as auto manufacturing rules of origin, then prices for the December contract could strengthen, reflecting a lower possibility of the US pulling out of the agreement. Producers should cover one third of their intended production for the September – December timeframe which would secure positive cashflow in a period when US production is expected to be 5% larger than last year's record level.*

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

Canadian delivered soymeal prices opened higher this morning. *The good news for bean users is that the Argentine 11 - 15 day forecast is showing some shower activity in the models. The unfortunate news is that these showers are unlikely to provide enough relief to force prices substantially down from the current highs. There is unofficial word that Brazil sold 3.5 MMT (!) of beans last week representing the highest amount for the current crop year and an impressive amount for any market. Opportunity on high prices and a squeezed Argentine pipeline are thought to be reasons for the Brazilian activity.*

US corn futures opened higher this morning. *US Export inspections over 1.3 MMT and weather in Argentina is providing underlying and ongoing support. Due to the exceptional US ending stocks currently in place, US corn futures have not rallied to the degree that soybeans have. However, there are still serious concerns that Argentina production volumes could come in amid recent lows due to the weather challenges in the region. Traders will undoubtedly be looking forward to the US Prospective Plantings Report scheduled to be released at the end of March.*

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			154.24 154.59	161.82 176.91	174.78 186.55	179.44 184.30	178.00 183.95	157.23 171.31	154.65 158.42	137.63 149.07	136.61 140.42
Soymeal Wpg/S. Man Delivered	526	526	526	526	526	526					

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