



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 28, 2018

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

www.hamsmarketing.ca

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

US Slaughter

464,000 Tuesday
444,000 Year Ago

Daily Prices

W. Corn Belt \$62.13
National \$69.92
Iowa/S. MN. \$62.15
ML Signature 5 \$151.60
HyLife (prev. day) \$156.12
TCP/BP2 \$151.60

BoC Rate (Noon) prev. day
\$1.2740 CAD / \$0.7849 USD

Cash Prices Week Ending February 24, 2018

Signature 3 148.83/67.51
Signature 4 161.13/73.09
Signature 5 154.98/70.30
Brandon
h@ms Cash 153.48/69.62
HyLife 158.51/71.90
TCP/BP2 160.98/73.02
Moose Jaw/Langley

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 were lower in yesterday's trade, dropping about \$0.50/cwt in the Midwestern regions. Wholesale pork prices dropped under the benchmark level of \$80/cwt in trade yesterday, with the move resulting from a 6% drop in pork bellies. The latest Cold Storage report showed pork belly inventory was more than 3 times as large as it was on the January 2017 report, suggesting that price support from the belly primal will not likely follow the same positive trend as it did last year. Lean Hog futures are coming under pressure, with declines of more than \$1.00/cwt for the spring/summer contracts, which fall and winter contracts are down approximately \$0.50/cwt in early morning trade. Producers should be covering up to one third of their September – December production at current prices, in order to secure positive profit margins amid projected supply increases of 5% and uncertainty over the future of NAFTA.

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

Canadian delivered soymeal prices opened higher this morning. The technical picture may be starting to suggest a near-term top is developing, but South American weather continues to dominate in influence. While there is some rain forecast in the western regions of Argentina, the eastern areas remain 'bone dry' and the rain that is forecast is not expected to provide widespread relief. The nearby contracts are now approaching levels not seen since last July and production outlooks continue to come in lower than previous estimates. It is becoming increasingly likely that meal prices will remain high until US growing conditions (as distinct from planting intentions) become more clear.

US corn futures opened higher this morning. The March contract closed lower than the session high of \$3.71 USD/bu., but rallied 2 cents over the course of the day to break the resistance levels and settle slightly higher than \$3.70. Unlike beans, US corn has seen some decent export demand. But like beans, challenging weather in Argentina (and slower progress in Brazil) is also supporting the trade. Corn futures continue to lag in rally intensity compared to beans, but historically high US ending stocks of corn can likely be cited for keeping the upside in check.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			150.34 150.69	158.64 173.81	171.67 183.49	177.64 182.52	177.18 183.16	156.13 170.28	153.46 157.25	136.38 147.86	135.34 139.18
Soymeal Wpg/S. Man Delivered	542	542	542	542	541	541					

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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