Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 01, 2018

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

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

US Slaughter	
464,000	Wednesday
443,000	Year Ago
Daily Prices	
W. Corn Belt	$62.10
National	$69.80
Iowa/S. MN.	$62.16
ML Signature 5	$152.25
HyLife (prev. day)	$156.51
TCP/BP2	$152.25
BoC Rate (Noon) *prev. day* $1.2809 CAD / $0.7807 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 mostly higher this morning. *US cash markets moved lower again in yesterday's trade with cash bids sinking back to their lowest level seen so far this year. Packer operating margins came under significant pressure over the last couple of days as the three largest contributors to the carcass cut-out value (hams, loins and bellies) all dropped by more than $1.00 USD/cwt. Pork export sales as reported for the last two weeks have shown a positive trend, with all of the Asian destinations showing year over year increases while Mexico is near steady with volumes experienced last year. Lean hog futures were lower in yesterday's trade, but have started this morning with firm trend. Summer month contracts are down about 5% from their highs while the October and December lean hog futures contracts are only about 1.5% lower than contract highs. When combined with the recently weak Canadian Dollar, September – December forward contract prices are trading near their highest level and are valued at $10.00 CAD/ckg higher than the cash prices from the same timeframe last year.*

District meetings continue in Manitoba today (see below). We hope to see you there !

Canadian delivered soymeal prices opened even this morning. *US soybean futures are trading mixed this morning, but if there is any bias toward the downside today, it won't have any meaningful impact on Canadian meal prices. As in recent weeks, context is everything and the meal and bean markets are currently trading at highs last seen last summer. At the risk of sounding like a broken record, Argentine weather is providing the bulk of the underlying support. So too, however, is talk that farmers are holding beans as an inflation hedge, and holding for more favourable export conditions. The export sales report was released this morning showing beans coming in higher than the range of expectation while meal came in at the lower end of the expected range.*

US corn futures opened higher this morning. *This morning's export sales report showed that US corn, once again, is benefitting sellers on strong export demand. According to the USDA, another 1.753 MMT have been committed for the 2017/18 marketing year in a move that has seen US corn sell ~1.5 MMT or more for the past seven straight weeks. While volumes over 1 MMT are typical at this time of year, seven back-to-back weeks of sales above 1 MMT fall somewhat outside of 'normal' and is bullish for the trade. South American weather is also providing support, albeit to a lesser degree than that associated with the exceptional support seen in the bean and meal trades.*

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.49 148.83	159.17 174.39	172.24 184.10	178.11 183.01	177.58 183.59	157.36 171.58	154.65 158.45	137.72 149.25	136.69 140.54
Soymeal Wpg/S. Man Delivered	542	542	542	541	541					

2018 District Meetings	Date	Time	Location
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