



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 02, 2018

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

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

## Forward contract prices opened mostly lower this morning. US

cash hog markets are finishing the week in a stable trend amid a significant increase in uncertainty for the prices of all commodities and also for the broader economy. Yesterday, president Trump announced new tariffs to be applied to imported steel and aluminum equivalent to 25% and 10% of their value respectively. The move immediately impacted global stock and currency markets as it signals an escalation in US protectionism under a Trump administration and elevates concern over the possibility of trade wars whereby all countries involved would likely be negatively impacted. Lean hog futures opened this morning's trade mixed with the summer contracts lower and the fall/winter contracts realizing marginal gains. While yesterday's announcement does not directly impact hog markets, there is a growing concern that countries may consider retaliatory tariffs on other commodities such as pork. Hog producers should consider mitigating some of this uncertainty by covering one third of their September – December production at current prices which remain close to \$10 CAD/kg higher than the cash prices experienced in this same timeframe last year.

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

## Canadian delivered soymeal prices opened higher this morning.

US soybean futures are trading higher. US soymeal futures are trading lower. The disconnect is not unsurprising given the amount of uncertainty in the markets this morning. To be sure, meal and bean values are among the highs seen last summer and with ongoing production concerns in Argentina, underlying support is well established. But while Canadian meal buyers should likely expect high values until USA production becomes more clear, new US trade announcements made yesterday could influence traders to take unconventional positions, for example, until such time the impacts of new steel and aluminum import tariffs (into the USA) are borne out; trade wars could develop and disrupt supply chain dynamics across many industries.

**US corn futures opened lower this morning.** While the US corn futures are trading lower this morning, the move is likely not due to any change in supply and/or demand fundamentals. Recent commentary has noted that grains have not been overly affected by the recent steel and aluminum tariff announcements coming from the USA. However, while the reaction so far might be muted, that is not to say that the grain markets have been unaffected. Just yesterday, fundamental reports indicated higher than expected export sales at the same time growing conditions and harvest pace in South America have been called into question which, under normal circumstances, should produce the exact opposite market reaction compared to this morning.

US Slaughter	
465,000	Thursday
437,000	Year Ago
Daily Prices	
W. Corn Belt	\$62.04
National	\$69.37
Iowa/S. MN.	\$62.05
ML Signature 5	\$152.19
HyLife (prev. day)	\$156.39
TCP/BP2	\$152.19
<b>BoC Rate (Noon) prev. day</b>	
\$1.2851 CAD / \$.7881 USD	
Cash Prices Week Ending March 03, 2018	
Signature 3	145.64/66.06
Signature 4	158.18/71.75
Signature 5 Brandon	151.91/68.91
h@ms Cash	150.41/68.23
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	154.98/70.30
2018 Top-Up Estimate	
\$2.54 /ckg (call for details)	
ISO Weans	\$66.09 US Avg.
Feeder Pigs	\$85.86 US Avg.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.44 148.79	156.68 171.94	169.78 181.68	174.50 179.41	173.62 179.64	154.37 168.60	151.83 155.64	135.48 147.04	134.44 138.30
Soymeal Wpg/S. Man Delivered	545	545	545	544	544	536				

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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
<b>TODAY Manitoba East TODAY</b>	<b>Friday, March 2</b>	<b>12:00 Noon</b>	<b>Smitty's Restaurant - Clear Spring Centre, Steinbach</b>
Heartland Marketing District	Thursday, March 8	2:00 P.M.	Starbuck Community Hall - 25 Main Street, Starbuck