



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 05, 2018

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

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

Forward contract prices opened higher this morning. US cash markets finished last week's trade at their lowest level so far in 2018 as live hog supplies were abundant. Last week's slaughter was estimated by the USDA at 2.417 million hogs which is close to 4.4% larger than the same time last year. When one combines the effect of heavier carcass weights, pork production for last week was 5% larger than last year. Pork product prices were under pressure in last week's trade, but a late week recovery in Loin prices made a positive contribution to the carcass cut-out. The Canadian Dollar is trading sharply lower this morning after a weekend of speculation on whether Canada would be exempt from the proposed tariffs on steel and aluminum. The growing theme of protectionism coming out of the White House threatens the longer-term trajectory in US exports as several countries have suggested that they would retaliate with tariffs of their own which may include agricultural commodities such as pork. Given the expectation of pork production growing 5% in the US and the increased uncertainty in export markets, producer should secure prices on a minimum of 1/3 of their production in the September – December timeframe at current prices.

Canadian delivered soymeal prices opened mixed this morning. Light rain over Argentina this weekend provided some relief to about 30% of the crop in critical growing regions, but regional farmers are now entering a crucial phase. March is typically a time that pod filling develops in Argentina (Brazil is typically February and did not experience the same dryness concerns as its neighbour to the south) and it will likely be timely rain that 'saves' the remainder of the crop in the region. Some more projections are coming out with a reputable private analytics firm dropping their previous production estimate 7 MMT to 44 MMT. This is not as drastic as some estimates hovering around 40 MMT (or lower), but it does provide some insight on what the market may expect.

US corn futures opened higher this morning. Recent support in the US corn trade has ushered the nearby contract to highs not seen since last August. The corn market has not experienced the same rally as witnessed in beans, but it does appear there may be some more interest in US corn. Exports sales pledges have been relatively strong and there is some support coming from reduced expectations on Argentine production as well. In addition, there is some uncertainty in the markets (overall) that could also be influencing traders' moves as the impacts of some unconventional and unexpected tariff announcements from the US are making the rounds.

US Slaughter	
2.417 mil.	Last Week
2.316 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$62.07
National	\$69.02
Iowa/S. MN.	\$62.11
ML Signature 5	\$152.29
HyLife (prev. day)	\$156.10
TCP/BP2	\$152.29
BoC Rate (Noon) prev. day	
\$1.2891 CAD / \$0.7757 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	156.12/70.82
TCP/BP2 Moose Jaw/Langley	154.98/70.30
2018 Top-Up Estimate	
\$2.54 /ckg (call for details)	
ISO Weans	\$60.34 US Avg.
Feeder Pigs	\$88.53 US Avg.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		150.79 151.14	158.73 174.10	171.93 183.91	176.37 181.31	175.20 181.27	155.84 170.18	153.10 156.94	136.59 148.23	135.55 139.43
Soymeal Wpg/S. Man Delivered	542	542	542	543	543	539				

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2018 District Meetings	Date	Time	Location
Heartland Marketing District	Thursday, March 8	2:00 P.M.	Starbuck Community Hall 25 Main Street, Starbuck