



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 06, 2018

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

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

Forward contract prices opened mixed this morning. US cash markets received a positive boost from wholesale pork prices yesterday with most regional markets reporting gains of \$0.50 USD/cwt. The pork carcass cut-out gained more than \$1.50/cwt in yesterday's trade with hams and bellies both gaining more than \$3.00 USD/cwt. This places ham values about 15% higher than at the same time last year, but belly prices are about 15% lower. Lean hog futures responded by posting gains of more than \$1.00 USD/cwt in yesterday's trade despite the ongoing uncertainty on the trade front. Yesterday, President Trump suggested that Canada and Mexico could avoid tariffs on steel and aluminum if they agreed to the latest conditions proposed by the US trade negotiators in NAFTA talks. This development suggests that anything can be placed on negotiating table at any time and leads many to be more skeptical that a deal can be reached. Producers should look to cover a third of their September – December production at current prices that have benefitted from the recent decline in the Canadian Dollar.

Canadian delivered soymeal prices opened lower this morning. All eyes will be on the March WASDE report that is scheduled to be released this week on Thursday, March 8. While US supply and demand projections are expected to remain relatively unchanged from the February report, the deteriorating Argentine situation will likely be reflected in this month's numbers. Regardless, the market could move in unexpected ways. That is, the market has already priced in a weather and production loss premium which explains the recent rally. As such, if Thursday's report is not as bad as some of the rumors that are circulating, the result could be some softness in the futures values on the 8th.

US corn futures opened mixed this morning. US corn futures continue to push higher and are trading at levels seen last August. While some production issues are influencing the move, so too are thoughts that ending stocks in the USA will come in slightly lower on Thursday (although they will remain amid record highs above 2.3 billion bu.). Brazilian and Argentine corn production is also pegged lower for a combined reduction currently estimated at 5.2 MMT on average at the same time ethanol demand in Brazil has jumped 55% compared to the same time last year. The jump is thought to be a function of higher gasoline prices relative to biofuel options.

US Slaughter	
456,000	Monday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$62.21
National	\$68.27
Iowa/S. MN.	\$62.29
ML Signature 5	\$152.62
HyLife (prev. day)	\$154.89
TCP/BP2	\$152.62
BoC Rate (Noon) prev. day	
\$1.2977 CAD / \$0.7706 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	154.98/70.30
Moose Jaw/Langley	
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		152.39 152.73	159.70 174.97	172.81 184.72	176.79 181.70	175.45 181.47	154.90 169.15	152.42 156.24	136.17 147.74	135.13 138.99
Soymeal Wpg/S. Man Delivered	533	533	533	537	537	534				

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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