



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 07, 2018

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

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

**Forward contract prices opened lower this morning.** US cash markets saw gains of more than \$0.50 USD/cwt in the midwestern regions with packers processing an estimated 460,000 hogs yesterday. The gains experienced in the wholesale pork market on Monday were erased by the losses experienced yesterday. Pork bellies remain extremely volatile and are the root cause of yesterday's decline in the carcass cut-out due to a \$7.00 USD/cwt drop in belly values. With pork belly inventory near three times as large as it was last year, it seems unlikely that pork bellies will provide the same level of price support to the cut-out value as it did last spring. Lean hog futures are trading lower this morning with most commodities under pressure, possibly due to increased chances of a major disruption to world trade after President Trump announced his intention to add tariffs to steel and aluminum. Producers should look to cover one third of their September – December production at current forward prices in order to secure profitable production amid growing uncertainty on the trade front.

**Canadian delivered soymeal prices opened even this morning.** Estimates ahead of tomorrow's WASDE report suggest that the USA will be well supplied with soybeans for 2017/18 despite challenges elsewhere. Pre-report estimates for ending stocks are coming in at 530 million bu. which is coincidentally the same volume currently on the February report which is considered bearish. Assuming normal growing weather and an acreage around 90 million harvested, the USA should have another year of healthy supply. On the other hand, South American supply volume estimates are seemingly downgraded on a regular basis (beans and meal) and it remains to be seen if the recent run-up accurately reflects the information published by the USDA tomorrow.

**US corn futures opened higher this morning.** Corn futures traders will be watching the WASDE report for direction tomorrow. And like beans, there are thoughts that, assuming normal weather, the USA is poised for another large crop. Ending stocks estimates for US corn are coming in slightly lower than February's 2.352 billion bushels at a 2.312 billion bu. estimate. Bear in mind, however, that 2+ billion bushels of corn in endings stocks still represents a well supplied domestic market. There are some concerns with production from South America, but not to the extent that beans have. Corn is also a much more widely harvested global crop compared to beans (and subsequently, meal production).

US Slaughter	
460,000	Tuesday
443,000	Year Ago
Daily Prices	
W. Corn Belt	\$62.71
National	\$68.74
Iowa/S. MN.	\$62.86
ML Signature 5	\$152.81
HyLife (prev. day)	\$156.99
TCP/BP2	\$152.81
<b>BoC Rate (Noon) prev. day</b>	
\$1.2898 CAD / \$0.7753 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		149.89 150.24	156.83 172.20	170.03 182.01	174.27 179.21	173.27 179.33	153.30 167.63	150.72 154.56	136.01 147.65	134.96 138.85
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