



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 08, 2018

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

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

US Slaughter	
453,000	Wednesday
440,000	Year Ago
Daily Prices	
W. Corn Belt	\$62.76
National	\$68.76
Iowa/S. MN.	\$62.91
ML Signature 5	\$153.48
HyLife (prev. day)	\$156.10
TCP/BP2	\$153.48
BoC Rate (Noon) prev. day \$1.2847 CAD / \$0.7724 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.

Forward contract prices opened lower this morning. US cash markets traded near steady yesterday, but they are expected to come under pressure as packers will be forced to cut bids in order to manage the decline in wholesale pork prices. Ham and belly prices fell \$5.00 and \$10.00 USD/cwt, pushing the cut-out value lower by more than \$3.00 USD/cwt and taking the benchmark price to its lowest level since October 2017. Domestic and export demand indicators have been supportive over the last month, but recent production increases of 5% over year-ago levels are providing a cushion of inventory that is softening cash pork values. Lean hog futures are broadly lower this morning with influence from the recent cash market weakness plus the added uncertainty that was introduced when President Trump announced a plan for tariffs on steel and aluminum last week. Details of this plan are expected to be out this afternoon when it could be revealed how some countries will react to this protectionist policy, possibly with tariffs on US agricultural products. Producers are encouraged to secure prices on a minimum of one third of their September – December production at current prices in order to mitigate the effects of trade disruptions, especially amid the growing pork supply.

Canadian delivered soymeal prices opened lower this morning. All eyes will be on the March WASDE report that is scheduled to be released at 11:00 AM Central time today. As mentioned earlier, the US balance sheet is not expected to change drastically, save for expectations of softening demand that could add to the US supply side. South America will be closely watched, especially in Argentina where bean production is expected to come in ~5MMT lower (on average) compared to the February estimate. It remains to be seen if the market agrees with the USDA's pending adjustment as a 5 MMT decrease brings production estimates to 48.36 MMT and there are currently much lower private estimates hovering around 40 MMT.

US corn futures opened mixed this morning. Like bean traders, US corn traders are awaiting the mid-trade release of the March WASDE report. US corn fares slightly differently, as export demand has been relatively strong (adding support), but large stocks continue to keep the upside in check. As well, there is talk the recent uncertainty in other commodity markets (as a function of trade announcements from the USA) is prompting some profit taking ahead of an expected announcement on steel and aluminum tariffs today. And with talk that the market is a bit overbought technically, the trade could see some pressure even if cuts to production (corn and beans) materialize in the report.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.26 148.61	152.26 167.56	165.40 177.33	170.65 175.57	170.16 176.20	150.56 164.84	147.83 151.65	133.34 144.93	132.30 136.17
Soymeal Wpg/S. Man Delivered	528	528	528	534	534	532				

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

