



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 12, 2018

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

US Slaughter	
463,000	Thursday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$59.72
National	\$68.42
Iowa/S. MN.	\$59.72
ML Signature 5	\$148.25
HyLife (prev. day)	\$155.68
TCP/BP2	\$148.25
BoC Rate (Noon) prev. day	
\$1.2840 CAD / \$0.7788 USD	
Cash Prices Week Ending March 10, 2018	
Signature 3	148.14/67.20
Signature 4	157.55/71.46
Signature 5 Brandon	152.85/69.33
h@ms Cash	151.35/68.65
HyLife	155.95/70.74
TCP/BP2 Moose Jaw/Langley	151.91/68.91
2018 Top-Up Estimate	
\$2.76 /ckg (call for details)	
ISO Weans	\$60.34 US Avg.
Feeder Pigs	\$88.53 US Avg.

**Forward contract prices opened lower this morning.** The regional US cash markets are sharply lower relative to the previous session coming in \$2.84 USD/cwt lower on average for Iowa/S. Minnesota and the Western Corn Belt; the National price was modestly lower by \$0.07 USD on the day. This move comes despite the carcass cut-out holding its net value. The entire cut-out was \$0.44 USD/cwt higher although hams and picnics were lower by \$0.62 and \$0.96 USD respectively. Last week's slaughter came in 3.96% higher than at the same time last year reflecting a well supplied market and packers likely do not have to bid as aggressively for hogs at this time of year. Lean hog futures have also opened lower to start the Monday trading session, reversing some of the strength seen last week and erasing the gains in the process. The move, while fairly abrupt, follows a trend witnessed in recent years (including 2014) when futures values start to drift lower around the second week in March prior to the summer rally. Uncertain external markets and large supplies rationalize forward contracting, but there is less attractive opportunities over the next two quarters with today's move. Fourth quarter values, however, are still trending near a three-year average and there is some time before those weeks come off the books.

**Canadian delivered soymeal prices opened lower this morning.** While Canadian meal buyers have seen some relief from the highs put in before the release of last Thursday's WASDE report, prices in CAD are still about \$70 CAD/MT higher than the average price in January and there is little evidence to suggest a sharp turn lower will be coming any time soon. The weather in Argentina has improving outlooks, but there is increasing chatter that it may come a bit too late for a good portion of the crop that was struggling earlier in the season. Last week's WASDE report was considered bearish for beans, but there is talk the USDA's production estimate is a bit too high for Argentina.

**US corn futures opened lower this morning.** A well supplied corn market is keeping the upside in check and the trade has turned lower to start the week. Even though the USDA lowered ending stocks estimates on good export demand last week, the value came in at over 2 billion bushels, which one should recall, still reflects a very healthy domestic supply. A harvest that is running a bit behind and a slower 2nd crop planting pace in Brazil (not to mention Argentine downgrades) is supportive, but a lot of corn will have to disappear for sustained strength to return to the trade.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		147.00 147.00	149.62 164.83	162.68 174.53	167.61 172.50	167.13 173.12	149.22 163.39	146.62 150.42	133.58 145.08	132.54 136.38
Soymeal Wpg/S. Man Delivered	506	506	506	513	513	512				

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**2018 PIC Road Show** - This year's agenda is focused on increasing producers' profit potential by as much as \$100 per sow and targeted to WF, Sow & Production Employees/Managers. **Please join us at one of the locations below.**

**Tuesday, April 10**  
Strathmore, AB  
Travelodge  
350 Ridge Road

**Wednesday, April 11**  
Swift Current, SK  
Days Inn  
905 N. Service Road E.

**Thursday, April 12**  
LaSalle, MB  
Kingswood Golf Club  
Provincial Road 247

**Register your team before March 23** by calling 1-615-265-2803 or emailing [pic.events@genusplc.com](mailto:pic.events@genusplc.com)