



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 14, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened mixed this morning. US cash markets continue to come under pressure with regional cash prices trading at their lowest level so far in 2018. US packers are broadly matching their cash hog bids with changes seen in the pork product market even as packers are maintaining production levels about 5% higher than year-ago levels. Hams and bellies continue to show weakness compared to the rest of the primal cuts, while loins have made gains recently, suggesting that Asian pork demand remains firm. Lean hog futures are trading lower again this morning with influence from the weaker cash market trend. Longer term uncertainty over export market demand lingers with a trend in the Trump administration to a more hawkish or anti-trade cabinet which could lead to a higher likelihood of a disruption in export markets for US agricultural products abroad. October and December lean hog futures are down only \$2-\$3 USD/cwt from the highs put in about 3 weeks ago, but the Canadian Dollar has also dropped, resulting in only a \$4.00 CAD/kg drop in forward prices for the Sep – Dec period from the highs. Producers should look to cover one third of their planned production for the fall and winter timeframe to secure profitable production in an uncertain demand environment.

Canadian delivered soymeal prices opened higher this morning. US soybean futures have stabilized after some pressure was put on the trade following last week's WASDE report. However, the trade is still at the upper end of the range and trading at levels seen last July. A well-respected crop analyst has lowered Argentine production estimates to 43 MMT which is 2MMT lower than his previous estimate and 4 MMT lower than the USDA's current estimate. While the 11 to 15-day forecast is calling for moisture, there are ideas that some of the crop may be too far gone to benefit, therefore supporting the idea that 43 MMT could be closer to the final production number.

US corn futures opened higher this morning. US corn continues to trade amid new highs and values not seen since last September. A new range has not yet been established, but there is talk that the trade is a bit overbought and that some psychological, technical levels could be limiting further upside. If this is the case, then the top of a new range could be established soon. With the March WASDE in hindsight, the market is now awaiting the Prospective Plantings report which is due at the end of the month. And, of course, traders of all commodities are anticipating potential reactions to an increasing protectionist trade stance south of the border which adds a level of uncertainty not typically seen.

US Slaughter	
461,000	Tuesday
429,000	Year Ago
Daily Prices	
W. Corn Belt	\$59.78
National	\$68.06
Iowa/S. MN.	\$59.81
ML Signature 5	\$148.74
HyLife (prev. day)	\$153.70
TCP/BP2	\$148.74
BoC Rate (Noon) prev. day	
\$1.2912 CAD / \$0.7745 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	\$49.34 US Avg.
Feeder Pigs	\$87.51 US Avg.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		149.08	152.11	165.29	170.67	170.36	152.15	149.31	135.33	134.29
Soymeal Wpg/S. Man Delivered	518	518	518	525	525	524				

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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
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Register your team before March 23 by calling 1-615-265-2803 or emailing pic.events@genusplc.com