



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 16, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
456,000	Thursday
448,000	Year Ago
Daily Prices	
W. Corn Belt	\$59.46
National	\$67.29
Iowa/S. MN.	\$59.58
ML Signature 5	\$148.84
HyLife (prev. day)	\$153.29
TCP/BP2	\$148.84
BoC Rate (Noon) prev. day \$1.3032 CAD / \$0.7673 USD	
Cash Prices Week Ending March 17, 2018	
Signature 3	141.37/64.13
Signature 4	155.33/70.46
Signature 5 Brandon	148.35/67.29
h@ms Cash	146.85/66.61
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	152.85/69.33
2018 Top-Up Estimate	
\$2.76 /ckg (call for details)	
ISO Weans	\$49.34 US Avg.
Feeder Pigs	\$87.51 US Avg.

Forward contract prices opened higher this morning. US cash markets traded near steady in yesterday's trade with hog supplies tightening slightly compared to recent weeks. Pork products like loins, hams and bellies found some support late this week, contributing to a slight recovery from what was the lowest cut-out value experienced in more than 2 years. Weekly pork export sales are maintaining solid growth when compared to year ago levels but remain highly variable. The latest week's results show pork sales are up over 20% in volume from this time last year which likely contributed to the strength seen in the hog futures yesterday. All 2018 contracts (with the exception of April) have staged gains of more than \$2.00 USD/cwt with the October and December contracts recovering to their 30-day moving average. When combined with the impact from a weak Canadian Dollar, September – December forward contract prices have returned to their highest levels seen so far in 2018 and represent an excellent hedging opportunity. As pork production is anticipated to grow by 5% in the US, and there is significant uncertainty on the trade front, producers should secure prices on one third of their production for the last half of 2018 at current prices.

Canadian delivered soymeal prices opened higher this morning. The May contract is appearing to consolidate around the \$10.40 USD/bu. level, but meal prices are still high for this time of year. Any moisture that was forecast for Argentina is now set to fall in the more eastern and northern areas. And now, it's looking like 75-80% of the crop will likely be dry once again for up to the next 10 days; Rosario Grains Exchange has revised production down to 40 MMT from a previous 46.5 MMT. Argentina is mentioned a lot these days and for good reason. The country is responsible for about half of all global meal export volumes. The market has also found support on good export numbers which has prevented further downside.

US corn futures opened higher this morning. The Prospective Plantings report is still about two weeks away so ethanol production, export demand and news from South America will likely be key market drivers for now. Ethanol levels are at record highs but a ramp up in production is expected in advance of the summer driving season. Export numbers yesterday showed the best totals since 1994 and the trend is expected to continue. And the Rosario Grains Exchange has lowered Argentine corn production estimates 3 MMT to 32 MMT which reflects market sentiment and is 4 MMT lower than the current USDA's WASDE report estimate. Like beans, there are more supportive factors in play than pressuring ones for now.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		148.46 148.46	156.47 171.97	169.78 181.86	175.49 180.47	175.37 181.48	156.45 170.91	153.71 157.58	138.64 150.37	137.59 141.51
Soymeal Wpg/S. Man Delivered	520	520	520	526	526	525				

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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