



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 19, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
2.413 mil.	Last Week
2.332 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$57.01
National	\$66.76
Iowa/S. MN.	\$57.01
ML Signature 5	\$145.93
HyLife (prev. day)	\$153.13
TCP/BP2	\$145.93
BoC Rate (Noon) prev. day	
\$1.3088 CAD / \$0.7641 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	153.25/69.51
TCP/BP2 Moose Jaw/Langley	152.85/69.33
2018 Top-Up Estimate	
\$3.15/ckg (call for details)	
ISO Weans	\$50.44 US Avg.
Feeder Pigs	\$84.54 US Avg.

Forward contract prices opened lower this morning. US cash markets sunk to their lowest level so far this year with abundant supplies contributing to the decline. Hog slaughter for the week was estimated at 2.413 million hogs or about 3.5% larger than year ago levels. In addition, carcass weights have grown significantly larger than year ago levels with some regions reporting weights 4 lbs. heavier. The next Hogs and Pigs report is released by the USDA in 10 days and it is expected to confirm further growth in hog numbers. The lean hog futures trade could come under pressure in advance of the report's release as hedgers take positions to protect against price declines. September – December Forward contract prices are trading at an average price of about \$150 CAD/ckg which is approximately \$12 CAD/ckg higher than the 2017 cash price average in this timeframe. Given that most analysts anticipate pork production to be up more than 5%, producers should cover one third of their fall/winter production at current prices.

Canadian delivered soymeal prices opened lower this morning. While Argentine weather has been front and centre in terms of providing underlying support, there has been some talk of a technical resistance level beginning to develop limiting further upside. The Commitment of Traders report showed bean traders were net 203,000 long (i.e. relatively high) which would support ideas that a sell-off could be mounting if conditions are correct. On that note, US bean futures are trading lower this morning. It could be on thoughts that some recent rain in the northern and eastern areas provided some relief to stressed crops and that may be enough to trigger some sales. On the other hand, the trade could just be attempting to define a new range (amid the highs).

US corn futures opened lower this morning. The Commitment of Traders report showed the funds to be net long 233,000 contracts after adding over 69,000 recently. However, some profit taking might already be in the works as the market is trading lower this morning. Fundamentally, not much has changed and the next bit of 'crop related' news isn't released until next week when the Planting Intentions report comes out on the 29th mid-trade. It is generally thought that acreage could shift from corn to beans which would be supportive. But if the numbers come in within expectations, there might not be much of a move at all.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		144.72	154.23	167.55	173.69	173.58	155.34	152.53	137.58	136.52
Soymeal Wpg/S. Man Delivered	505	505	505	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