



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 20, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
462,000	Monday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$56.42
National	\$65.63
Iowa/S. MN.	\$56.44
ML Signature 5	\$143.81
HyLife (prev. day)	\$151.18
TCP/BP2	\$143.81
BoC Rate (Noon) prev. day	
\$1.3079 CAD / \$0.7646 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 and the whole pork complex was lower to start the week with hog and pork supplies abundant and easily meeting current demand. Regional cash prices have declined 22% over the last six weeks and are trading at their lowest level since the lows seen around Christmas. While pork product prices have not seen the same weakness, the cut-out value is down about 6% over the same timeframe with hams and bellies responsible for most of the declines. Lean hog futures moved sharply lower in yesterday's trade with the summer month contracts experiencing a decline of \$2.00 USD/cwt. The October and December contracts showed more resilience, declining 'only' about \$1.00 USD/cwt. Producers should use the relative support currently being seen in the fall and winter timeframe to get one third of their September – December production covered. Forward prices in this timeframe are within 2% of their highest level seen in 2018 and represent very good value considering the expectation of a 5% increase in US pork production and increased uncertainty in export sales.

Canadian delivered soymeal prices opened lower this morning. US soybean futures have stabilized from yesterday's sell-off and are trading higher as of this writing. As the fundamental picture has not drastically changed, there is talk that yesterday's pressure came from managed money repositioning ahead of the steel and aluminum tariffs that are expected to come into force later this week. The concern is that impacted countries may impose retaliatory tariffs and/or escalate non-tariff barrier activity (like rejecting shiploads on 'foreign material' assessments) in response to the US's protectionist move. In the meantime, the market is waiting for the Prospective Plantings report due later next week and Argentina production looks increasingly like it will come in at lows not seen since 2011.

US corn futures opened lower this morning. Unlike beans, US corn futures continue to trade lower. The move represents a sharp turn around for the trade that only six sessions ago was trading at recent highs. The US corn market did not rally to the same degree that soybeans have since the beginning of the rally. However, the trade was hovering around highs seen last August and was in an upward trend since January. Plentiful corn supply in the US, export activity that is coming in within market expectations, and ongoing uncertainty regarding retaliatory tariffs on US goods that may or may not include corn (not to mention plain instability in the external global markets) is weighing on the trade.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		142.28 142.28	152.97 168.49	166.30 178.40	171.64 176.62	171.97 178.08	154.88 169.33	151.96 155.83	137.11 148.82	136.06 139.97
Soymeal Wpg/S. Man Delivered	499	499	499	507	507	507				

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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