



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 27, 2018

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

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

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

**Forward contract prices opened lower this morning.** All reporting regions dropped more than \$1.20 USD/cwt. yesterday in an ongoing situation of weakness in US cash markets. While the pessimism around market access to China is exacerbating the issue of large slaughter and production numbers, (i.e. heavy supply), there is also a seasonal component to the current dynamic that has been a feature of the market in recent years. It is also difficult to pinpoint the 'tariff effect' with precision although the issue of retaliatory tariffs is rarely a good development in an industry where export markets are an important part of disappearance. Lean hog futures values are likewise lower on a pessimistic outlook that includes a potentially prolonged trade dispute/war with China and news that Brazil is positioning itself to fill any pipeline deficiencies. However, futures values have (also) typically trended lower at this time of year and there are thoughts that the market reaction to the Chinese tariff announcement, while rational, is also a bit overdone. Technical indicators show the market is currently oversold meaning, potentially, a turnaround could be developing. Producers are encouraged to seek out value (especially in the fourth quarter) as it relates to their marketing plans.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher on thoughts that production losses in Argentina could maintain demand for beans in the USA even if China shifts some of its sourcing requirements to Brazil. So far, beans have not yet been named officially in the Chinese tariff response, but the commodity would likely be a logical target if the trade dispute/war escalates. However, there is already signs of a softening tone in the dispute as news is surfacing China could agree to buy more US superconductors as way to curb the massive trade deficit (a major issue for the Trump administration) that the USA has with China.

**US corn futures opened higher this morning.** Ongoing pressure in the US wheat trade was having some residual impact on US corn futures (influencing them lower), but the market has recovered and is trading higher this morning. The market is now looking forward to two big reports that are due for publication. The Quarterly Grain Stocks report is expected to show stocks are 1% higher than year-ago with the average estimated coming in at 8.711 billion bushels. The average pre-report trade estimate for corn acreage in the upcoming Prospective Plantings report is currently pegged at 89.5 million acres. Both reports will be released mid-trade on Thursday.

US Slaughter	
458,000	Monday
439,000	Year Ago
Daily Prices	
W. Corn Belt	\$51.24
National	\$62.51
Iowa/S. MN.	\$51.27
ML Signature 5	\$132.00
HyLife (prev. day)	\$141.43
TCP/BP2	\$132.00
<b>BoC Rate (Noon) prev. day</b> \$1.2886 CAD / \$0.7760 USD	
Cash Prices Week Ending March 24, 2018	
Signature 3	132.71/60.20
Signature 4	151.06/68.52
Signature 5 Brandon	141.88/64.36
h@ms Cash	140.38/63.68
HyLife	148.39/67.31
TCP/BP2 Moose Jaw/Langley	148.35/67.29
2018 Top-Up Estimate	
\$3.65/ckg (call for details)	
ISO Weans	\$42.91 US Avg.
Feeder Pigs	\$74.56 US Avg.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			141.93 153.39	157.23 168.55	162.13 167.03	161.25 167.26	145.40 159.05	143.63 146.68	129.30 140.86	128.26 132.12	130.09 141.75	139.16 144.29
Soymeal Wpg/S. Man Delivered	520	520	520	527	527	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.**

<b>Tuesday, April 10</b> Strathmore, AB Travelodge 350 Ridge Road	<b>Wednesday, April 11</b> Swift Current, SK Days Inn 905 N. Service Road E.	<b>Thursday, April 12</b> 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](mailto:pic.events@genusplc.com)