



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 28, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
461,000	Tuesday
443,000	Year Ago
Daily Prices	
W. Corn Belt	\$49.87
National	\$63.10
Iowa/S. MN.	\$49.87
ML Signature 5	\$130.89
HyLife (prev. day)	\$143.10
TCP/BP2	\$130.89
BoC Rate (Noon) prev. day	
\$1.2869 CAD / \$0.7771 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.

Forward contract prices opened higher this morning. Packers are still maintaining production schedules, but they aren't having to bid aggressively to keep hooks filled. Cash values in the ISM and WCB reporting regions fell for the third straight session this week, coming in \$1.40 and \$1.37 USD/cwt. respectively lower from the previous day. Interestingly, the National reporting region showed some resistance and in fact came in \$0.59 USD/cwt higher on the day. 461,000 hogs were estimated to be slaughtered Tuesday which represents levels among the 'new normals' since the newest plants came on stream. A logical hypothesis from this information is that orders are moving through the supply chain on good demand, but large supplies (and plentiful cold storage) is keeping the aggressive bidders at bay. Bellies led the weakness in the primal cuts falling \$6.57 USD/cwt to \$95.63 USD/cwt representing a drop of 34% in the primal since the recent high set last December. Lean hog futures are faring not much better. While the drop in value did not mirror the cash weakness yesterday, nearby lean hog futures were once again lower at the opening bell, although they have recovered somewhat. Seasonality and uncertain export dynamics will likely weigh on the trade in the short term.

h@ms Marketing Services will be closed Friday, March 30 for Good Friday. Forward contracting and pricing reports will be suspended.

Canadian delivered soymeal prices opened lower this morning. US soybean futures have backed off from the support seen earlier this week, but soybean meal futures continue to show strength. News coming out of Argentina is providing underlying support. In fact, there are now production estimates under 40 MMT for the country whereas the USDA has still officially pegged Argentine production at 47 MMT. Even estimates as low as 38 MMT places Argentina solidly in third place in terms of global production volume, but it is a far cry from the solid 55+ MMT seen in recent years and would represent the worst production volume since 2008.

US corn futures opened lower this morning. Trading volumes are expected to be on the lighter side ahead of the USDA reports that will be released tomorrow during mid-trade. The Quarterly Socks report could overshadow Prospective plantings as the market is expecting reduced corn acreage in the USA this year, but there are thoughts that if quarterly stocks come in near the high end of expectation, it could provide rationale for a sell off. Average estimates suggest March 1 stocks will come in almost 1 million bushels higher than last year.

Fixed Forward Range (at opening)	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5			143.11 160.62	158.45 169.80	163.92 168.84	163.38 169.42	146.46 160.16	143.92 147.75	129.77 141.37	128.73 132.60	130.63 142.33	139.73 144.88
Soymeal Wpg/S. Man Delivered	512	512	512	516	516	515						

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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