



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 02, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
2.391 mil.	Last Week
2.344 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$48.34
National	\$61.43
Iowa/S. MN.	\$48.35
ML Signature 5	\$127.42
HyLife (prev. day)	\$139.49
TCP/BP2	\$127.42
BoC Rate (Noon) prev. day	
\$1.2894 CAD / \$0.7756 USD	
Cash Prices Week Ending March 31, 2018	
Signature 3	118.57/53.78
Signature 4	143.12/64.92
Signature 5 Brandon	130.85/59.35
h@ms Cash	129.35/58.67
HyLife	141.25/64.07
TCP/BP2 Moose Jaw/Langley	141.88/64.36
2018 Top-Up Estimate	
\$4.31/ckg (call for details)	
ISO Weans	\$40.75 US Avg.
Feeder Pigs	\$73.42 US Avg.

Forward contract prices opened lower this morning. US cash markets have dropped approximately 10% of their value in just over a week as cash-hog supplies are abundant and packers are taking the opportunity to recover some value in their operating margins. Even with the holiday reduced slaughter schedule on Friday and Saturday, the week's total was still nearly 2.4 million hogs and larger than year ago levels. However, the focus of most traders and analysts is on the results of the Hogs and Pigs report that was released on Thursday afternoon. The results of the USDA's survey of hog producers revealed a 3% increase in market hogs over last year, with the number of heaviest category of market hogs at nearly 4% larger than year ago levels. It looks likely that US pork production will be 5% larger than year ago levels for the October – December timeframe based on current carcass weight trends. Producers without price protection in the fall/winter timeframe should cover as much as half of their planned production at current prices as they still represent a premium over year ago levels, but they could see further weakness related to the heavy supply.

Canadian delivered soymeal prices opened higher this morning. Reaction was swift on the soybean complex following the release of the USDA's two reports on Thursday afternoon where prospective planting numbers came in way below market expectations. While March 1 stocks showed good supply currently on hand, the market reacted to the surprise numbers in the planting estimates. Pre-report estimates suggested that average soybean acreage would improve by almost one million acres over last year. However, the USDA showed the current estimate to be 89.0 million acres which is 1.042 million acres lower than last year and 2.056 million acres lower than the average pre-report estimate. There is already talk that the reaction was a bit overdone as current stocks could offset, but the market is trading higher once again this morning.

US corn futures opened higher this morning. Like beans, US corn futures found support in Thursday's afternoon session following the release of the Prospective Plantings and Grain Stocks reports. Also like beans, March 1 stocks came in higher than the average pre-report estimate and higher than last year which was expected. What was also expected was for acreage to come in lower than bean acreage, which it did, by one million acres and pegged the 2018 crop at a projected 88.0 million acres planted. However, the support came from the relatively low acreage estimates that could help support prices in the mid-term despite a lot of corn still left to clear the market. US corn futures are nevertheless still trading higher as of this writing.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		142.39 159.86	157.70 169.03	163.07 167.98	162.42 168.45	145.16 158.83	142.61 146.43	126.89 138.47	125.85 129.72	127.96 139.64	137.05 142.19
Soymeal Wpg/S. Man Delivered	526	526	530	530	530	527					

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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