



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 03, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
318,000	Monday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$47.04
National	\$58.36
Iowa/S. MN.	\$47.01
ML Signature 5	\$122.50
HyLife (prev. day)	\$132.43
TCP/BP2	\$122.50
BoC Rate (Noon) prev. day	
\$1.2908 CAD / \$0.7747 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 started this week lower with regional prices for live hogs dropping between \$1.00 and \$1.50 USD/cwt in trade yesterday. Wholesale pork prices improved slightly with the pork carcass cut-out adding about \$0.50/cwt to its highest level in a week of \$71.16. The combination of these moves improves estimated gross packer margins to very profitable levels of about \$50 USD/hog, surpassing the highest level seen last fall. This is a surprising development, given that the added competition in the packing sector has had the effect of tightening packer margins, until recently. Lean hog futures were sharply lower in yesterday's trade and are weakening further in early trade this morning. Yesterday's announcement by China's State Council regarding the application of tariffs to over 100 different products made in the US sent commodity and stock markets lower. In particular, pork and pork products from the US will have a 25% tariff applied to them, as China retaliates against the US decision to protect American steel and aluminum producers with import tariffs targeted largely at China. Current forward prices for the Sep – Dec timeframe are down only about \$12 CAD/kg from their highs reached in late February, producers should cover as much as half of their production in this timeframe to mitigate the effects of a large pork supply and uncertain export demand.

Canadian delivered soymeal prices opened lower this morning. After a brief correction lower yesterday (since the bullish news released from the USDA on Thursday), US soybean futures are once again trading higher. Argentina production concerns remain supportive and the Prospective Plantings report came in over two million acres lower than what the market was expecting in what was very much a surprise. While the market has attempted to digest that information, more bullish news comes from NOPA crush numbers showing a disappearance of 165 million bean bushels indicating strong demand from domestic (US) crushers.

US corn futures opened higher this morning. Like beans, the US corn futures trade is also higher this morning on some residual support from the wheat trade and, also like beans, on good grind numbers in ethanol production. NOPA has reported that February grind numbers came in at 433.6 million bushels which was up from 423.6 million bushels reported last year. More export numbers will be released Thursday, as they are every uninterrupted week, but the market is also looking toward the next WASDE report for an update on supply and demand estimates that will be released a week from now on Tuesday, April 10.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		137.78 155.19	153.04 164.33	158.44 163.33	157.79 163.80	141.76 155.39	139.21 143.01	125.14 136.67	124.10 129.95	127.04 138.75	136.15 141.31
Soymeal Wpg/S. Man Delivered	521	521	526	526	526	521					

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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
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Register your team before March 23 by calling 1-615-265-2803 or emailing pic.events@genusplc.com