



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 04, 2018

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

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

Forward contract prices opened mixed this morning. US cash markets remain under pressure, but not all reporting regions are consistently lower. The ISM and WCB regions are lower by approximately \$0.95 USD/cwt relative to the previous day. However, the National reporting region is showing a gain of about \$0.50 USD/cwt and while it typically follows the other two regions, it also is less prone to volatility than the other two. Regardless, seasonality and the recent negative tone in the market over an escalating (but unofficial) trade war with China is pressuring. Lean hog futures, likewise, are under pressure on demand outlooks, potentially due to a prolonged and intensifying trade disruption. Now, depending on the analyst, this action either an overdone market reaction, represents nervous fund activity, reflects the importance of China as an export partner, or some combination of all three. Of note, China does in fact not import a lot of primal cut, fresh pork from the USA compared to Mexico or Japan (loins, bellies, hams, etc.). But they do import quite a bit of variety meats (feet, offal, etc.) which made up over 61.7% of total imported tonnes in 2017 pushing the value of US pork exports to China over \$1 billion USD. A prolonged trade war will likely pressure markets until such time the USA can find alternative markets for export volumes currently at risk.

Canadian delivered soymeal prices opened lower this morning. As the (unofficial) trade war intensifies, more commodities are coming under pressure. Early this morning, China announce another round of tariffs which implicated soybeans with more certainty. The market thusly opened sharply lower with some early morning commenters suggesting a limit-down day in the ban complex is also possible. No official dates on the new items targets have yet been determined concretely and beans are not yet limit-down. The reaction, however, illustrates the importance of stability in trading relationships.

US corn futures opened higher this morning. At the risk of sounding like a broken record, the most recent tariff announcements by China are pressuring US corn futures, as they are also doing with commodities in general as well as the stock market. The issues, originating in the USA, currently involves US disputes over intellectual property rights and a balance-of-trade spread currently favouring China that the US administration would like to drastically narrow. The attention on steel and aluminum tariffs appears to be waning as the disputes escalate even though the Chinese response to that initial action was only released on March 23 (!).

US Slaughter	
468,000	Tuesday
449,000	Year Ago
Daily Prices	
W. Corn Belt	\$46.08
National	\$58.84
Iowa/S. MN.	\$46.08
ML Signature 5	\$121.01
HyLife (prev. day)	\$133.66
TCP/BP2	\$121.01
BoC Rate (Noon) prev. day	
\$1.2812 CAD / \$0.7805 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.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		137.62 155.01	152.87 164.14	158.24 163.13	158.00 164.00	142.50 156.11	139.84 143.64	126.21 137.72	125.18 129.02	126.71 138.30	135.73 140.83
Soymeal Wpg/S. Man Delivered	519	519	523	523	523	519					

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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