



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 05, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
466,000	Wednesday
446,000	Year Ago
Daily Prices	
W. Corn Belt	\$45.16
National	\$58.44
Iowa/S. MN.	\$45.18
ML Signature 5	\$119.45
HyLife (prev. day)	\$131.79
TCP/BP2	\$119.45
BoC Rate (Noon) prev. day	
\$1.2809 CAD / \$0.7807 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 higher this morning. US cash markets continued lower in yesterday's trade along with pork product values. Packers, meat buyers and futures traders are all being influenced from the new tariffs that are being announced almost daily between the two largest economies in the world, China and the US. While all markets are seeing the effect of an escalating (but not yet official) trade war, the pork sector was among the first to be negatively impacted with China announcing a 25% tariff on US pork and pork products early this week. The shakeup of normal trade flows of all commodities and products creates uncertainty which typically puts bearish price pressure on markets. Lean hog futures recovered some of their early week losses in yesterday's trade, but it is unlikely that cash and futures values will see a strong rebound in the near term unless there is a change in the US protectionist trend. However, a successful NAFTA 'agreement in principle' (that could be possible in the next few weeks) would be viewed as a positive development that could provide some needed support. Forward contract prices are down only about \$10 CAD/ckg from the highs in the Sep – Dec timeframe and producers should cover up to 50% of their production at current prices to mitigate the uncertainty that continues to pressure prices.

Canadian delivered soymeal prices opened higher this morning. Markets were sent sharply lower yesterday as China announced more items earmarked for a response to the US administration's initial move to target up to \$60 billion in Chinese products. In additions to the \$3 billion pegged in the Chinese response earlier, up to another \$50 billion were announced including soybeans. There is talk, too, that Chinese buyers can likely avoid US beans for up to another 4 months and sole-source from Brazil, but that would drive other customers to the US and sole-sourcing won't solve China's voracious appetite for beans meaning at least some will eventually come from US sources. Nevertheless, the tone is not positive, and investors are taking a risk-off approach for now.

US corn futures opened higher this morning. Like beans, US corn (and commodities in general) were under pressure yesterday following the announcement that more US items would be targeted for higher tariffs as a response to the USA's first tariff announcement. National security, intellectual properties, and trade imbalances have all been cited by the US administration as rationale for the move. In any event, The US corn market has somewhat rebounded this morning despite a weekly export report showing sales coming in below the lower end of expectations. And all investors are being warned to brace for more volatility in the meantime.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		140.55 157.89	155.75 166.98	162.03 166.90	161.96 167.94	144.55 158.12	141.76 145.55	128.07 139.54	127.04 130.87	128.83 140.36	137.83 142.91
Soymeal Wpg/S. Man Delivered	522	522	526	526	524	520					

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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