



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 06, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
465,000	Thursday
447,000	Year Ago
Daily Prices	
W. Corn Belt	\$45.46
National	\$57.75
Iowa/S. MN.	\$45.58
ML Signature 5	\$118.71
HyLife (prev. day)	\$130.19
TCP/BP2	\$118.71
BoC Rate (Noon) prev. day	
\$1.2776 CAD / \$0.7827 USD	
Cash Prices Week Ending April 07, 2018	
Signature 3	109.19/49.53
Signature 4	133.89/60.73
Signature 5 Brandon	121.54/55.13
h@ms Cash	120.04/54.45
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	130.85/59.35
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 mostly lower this morning. US regional cash markets eroded another \$3.00 USD/cwt over the last week as packers take the opportunity to expand their operating margins amid the abundant supplies. However, not all 'cash' prices have experienced the same weakness. The National US price that makes references to formula pricing is currently valued close to \$10 USD/cwt higher than the current negotiated bids and has provided some stability in a weak market. While wholesale pork prices have also come under pressure, the value of the pork cut-out is only about 9% lower than year ago levels. Lean hog futures have found support in recent trade after the bearish developments in US/China trade relations earlier this week and the possibility of an 'agreement in principle' in NAFTA talks would be a positive development in the protectionist trend from the US. Forward contract prices are down about \$12 CAD/ckg from their highs in the Sep – Dec timeframe and producers should cover up to 50% of their production at current prices to mitigate negative price effects of the ongoing uncertainty.

Canadian delivered soymeal prices opened higher this morning. Markets are attempting to digest the latest information where president Trump apparently told trade professionals on Thursday to investigate an additional \$100 billion in tariffs on products from China in what some are suggesting moves China and the USA one step closer to an all-out trade war. In the meantime, the Buenos Aries Grains Exchange has once again lowered Argentine soybean production, now, to 38 MMT which would be the lowest since 2008. There are ideas that China will need to import approximately 97 MMT of soybeans this year. Brazil is pegged to export 70.2 MMT and Argentina 6.8 MMT (beans, they still are first in meal with ~50% of global market share). The suggestion is that even in an all-out trade war, China will have to import some beans from the USA while other customers will still need their requirements met.

US corn futures opened lower this morning. While markets react to ideas that the USA may once again respond to China's response, US corn futures are under some pressure. China is not a very large importer of US corn relatively speaking, but they are consuming increasing amounts of DDGs and any disruption to normal supply pipelines will likely have an impact. There is also talk that next Tuesday's WASDE report could be bearish in tone, even though the most recent events will not have been factored in the data. In the meantime, traders of all persuasions are echoing ideas that trading in general will likely be more volatile than normal.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		139.03 156.33	154.19 165.40	161.15 166.01	161.95 167.91	143.91 157.43	141.35 145.13	126.65 138.10	125.62 129.45	127.13 138.66	136.10 141.17
Soymeal Wpg/S. Man Delivered	527	527	531	531	528	522					

This bulletin is intended as a marketing tool for subscribed members only. Prices are **not** quotes and **all pricing is subject to verification**. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.



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