



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 09, 2018

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

www.hamsmarketing.ca

Hog Prices: $\uparrow\downarrow$ Soymeal: \uparrow
Corn: \uparrow CDN Dollar: \uparrow

US Slaughter	
2.335 mil.	Last Week
2.318 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$45.59
National	\$57.31
Iowa/S. MN.	\$45.76
ML Signature 5	\$118.25
HyLife (prev. day)	\$128.86
TCP/BP2	\$118.25
BoC Rate (Noon) prev. day \$1.2764 CAD / \$0.7835 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	131.38/59.59
TCP/BP2 Moose Jaw/Langley	130.85/59.35
2018 Top-Up Estimate	
\$4.88/ckg (call for details)	
ISO Weans	\$33.14 US Avg.
Feeder Pigs	\$69.11 US Avg.

Forward contract prices opened mixed this morning. US cash markets finished last week sharply lower as the hog supply remains large at the same time packer demand has become more cautious. The pork carcass cut-out lost an additional 5% of its value (approximately \$4.00 USD/cwt) last week amid the trade turmoil between China and the US. Wholesale pork prices are at their lowest level since the spring of 2015, and when combined with a significant increase in packer operating margins, they have pressured hog prices to their lowest level in about 18 months. The market was looking for good news over the weekend on the NAFTA front, but representatives emerged from the talks without an 'agreement in principle' despite being optimistic about the prospect of a deal being reached over the next two months. Lean hog futures opened slightly higher this morning and are providing a good hedging opportunity for the September – December period where forward prices are currently valued the same or higher than cash prices experienced in this timeframe for the last two years.

Canadian delivered soymeal prices opened higher this morning. Despite the recent rhetoric coming from both sides of the China/US trade dispute (that appears to be escalating), US soybean future are trading higher. Normally, a product that could be subject to higher tariffs (beans) makes it less competitive relative to other options. The detail to note here, however, is that there are only three major soybean producers in the world; USA, Brazil, and Argentina. As such, even if China opts to buy more competitive beans from Brazil or Argentina, the customers crowded out by China will have to turn elsewhere (i.e. the USA). Furthermore, it is a well-known fact that China cannot avoid using some US supply due to its sheer demand profile. Add to this production challenges in Argentina and the only logical result is for higher prices as supplies tighten in the short to mid-terms.

US corn futures opened higher this morning. Tomorrow the USDA will release the April WASDE report which would normally provide the market with some fresh news on supply and demand estimates as well as potentially influence pricing direction. The updated supply and demand numbers will still come but the degree of influence over the trade very much remains to be seen. The deteriorating US/China trade dispute has created no shortness of uncertainty and this uncertainty (not to mention the apparent daily ramping up of hostilities) has had a very strong influence on the market in recent sessions. Regardless, the WASDE report will be released mid-trade tomorrow, at 11:00 AM, Central time.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		147.21 156.59	154.45 165.67	162.02 166.89	162.98 168.95	144.53 158.07	142.24 146.03	127.43 138.91	126.40 130.23	126.97 138.57	136.00 141.10
Soymeal Wpg/S. Man Delivered	530	530	535	535	533	528					

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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