



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 10, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets opened higher to start this week with the regional, negotiated prices gaining between \$0.50 - \$0.75 USD/cwt. Cash prices have followed the same trend as wholesale pork prices which are down \$13.00 USD/cwt or about 16% from levels seen about one month ago. In particular, pork bellies have lost about 1/3 of their value as supplies are clearly large enough to avoid a sharp increase in price that has typically come in the spring timeframe and relates directly to strong restaurant demand. Lean hog futures experienced a surge late in yesterday's trade with the August, October and December contracts all gaining more than \$2.00 USD/cwt. Further gains are being seen this morning as there appears to be a lack of sell orders at higher prices, perhaps due to the pessimistic fundamentals with which the market has been dealing. This morning's prices in the Sep - Dec timeframe represent a very good hedging opportunity for producers to cover up to half of their intended production at profitable prices amid significant uncertainty.

Canadian delivered soymeal prices opened lower this morning. Trading is expected to be light ahead of today's WASDE report that will be released mid-trade at 11:00AM Central time. Ending stocks estimates are expected to come in higher than numbers posted in the March report on some softening demand indicators. While the Rosario Grains Exchange (and others) have pegged Argentine production near or below 40 MMT (which is a significant drop relative to the trend), the USDA is not expected to come in much lower than about 42.6 MMT which, while lower than the March estimates, does not completely reflect sentiment elsewhere. In the meantime, pre-report estimates for ending stocks are 574 million bu (555 million in March), and production is at 4.247 billion bu on 49.5 bpa yield estimate which is roughly unchanged from the March numbers.

US corn futures opened lower this morning. Like beans, the trading volumes are expected to be relatively light until the release of the April WASD report. Also, like beans, there is a general expectation that ending stocks estimates will be improved over last month's numbers while production is expected to be relatively unchanged. Pre-report estimates ahead of the report suggest analysts' average estimates are for corn ending stocks to come in at 2.189 billion bu (2.127 in March) and production to be 14.579 billion bu. on a 175.4 average bpa yield estimate. Commentators are also suggesting trading could be volatile following the release of today's WASDE report.

US Slaughter	
457,000	Monday
447,000	Year Ago
Daily Prices	
W. Corn Belt	\$46.28
National	\$56.06
Iowa/S. MN.	\$46.35
ML Signature 5	\$117.32
HyLife (prev. day)	\$125.93
TCP/BP2	\$117.32
BoC Rate (Noon) prev. day	
\$1.2729 CAD / \$0.7856 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	132.02/59.88
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.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		152.98 162.26	160.14 171.24	167.54 172.35	167.40 173.30	147.68 161.07	145.32 149.07	129.74 141.08	128.72 132.51	130.01 141.51	138.96 144.02
Soymeal Wpg/S. Man Delivered	525	525	530	530	530	526					

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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