



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 11, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
451,000	Tuesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$46.82
National	\$56.76
Iowa/S. MN.	\$46.87
ML Signature 5	\$117.70
HyLife (prev. day)	\$127.15
TCP/BP2	\$117.70
BoC Rate (Noon) prev. day	
\$1.2618 CAD / \$0.7925 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.

Forward contract prices opened mixed to higher this morning.

US negotiated cash markets found support in yesterday's trade, gaining approximately \$0.50 USD/cwt across most regions. Over the last six weeks, cash prices have declined nearly \$20 USD/cwt, losing about 28% of their value. The size of this decline at this time of year is unprecedented in the last 20 years, but market fundamentals have deteriorated in the face of both abundant hog supplies and threats to export demand. Lean hog futures recovered some value recently and have actually been relatively stable in spite of the bearish market factors; all contracts are down only about 7% over the same timeframe. The difference in how these two markets have moved has created an opportunity to hedge the nearby timeframe and secure a significant price recovery over the next month. Producers can currently secure a price of approximately \$155 CAD/ckg in May, which would secure an average gain of \$8.00/ckg per week for the next 4 weeks. In addition to May, producers should look at covering a portion of their fall/winter production given the current bearish market fundamentals.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures saw initial support following the release of yesterday's WASDE report after the USDA made some surprise announcements. The market was expecting increases in ending stocks on the US balance sheet, but ending stocks were lowered by 5 million bu. Ending stocks are still at an all-time high, but the move was an unexpected one. As well current global stocks were also lowered adding support. And while the market was expecting the USDA to peg Argentine production at 42.6 MMT on average, the USDA went that one step further and placed Argentine production estimates at 40 MMT. This still does not reflect the lowest of the low predictions, but it is more in line with some forecasters in South America. Canadian meal prices, however, are lower this morning, largely on some strength returning to the Canadian dollar.

US corn futures opened lower this morning.

US corn futures saw initial support following the April WASDE report yesterday, but the USDA's numbers were much more in line with the pre-report estimates as compared to soybeans. April numbers were considered relatively neutral as US ending stocks came in slightly higher, global stocks came in slightly lower, and Brazil production was slightly lower as well. Argentine production was lowered by 3 MMT which was considered supportive and observing that global stocks and Brazil production was also lower, there was a slightly bullish tone immediately following the report. US soybean futures have corrected this morning, however, and are trading lower as of this writing.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		152.51 161.76	159.65 170.72	167.55 172.35	167.25 173.14	147.52 160.87	144.99 148.72	130.14 141.44	129.12 132.89	129.42 140.82	138.29 143.31
Soymeal Wpg/S. Man Delivered	521	521	525	525	526	523					

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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