

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 17, 2018

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

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

US Slaughter	
464,000	Monday
304,000	Year Ago
Daily Prices	
W. Corn Belt	\$51.66
National	\$56.74
Iowa/S. MN.	\$51.68
ML Signature 5	\$122.90
HyLife (prev. day)	\$125.80
TCP/BP2	\$122.90
BoC Rate (Noon) prev. day	
\$1.2579 CAD / \$0.7950 USD	
Cash Prices Week Ending April 14, 2018	
Signature 3	110.14/49.96
Signature 4	127.57/57.87
Signature 5 Brandon	118.85/53.91
h@ms Cash	117.35/53.23
HyLife	126.34/57.31
TCP/BP2 Moose Jaw/Langley	121.54/55.13
2018 Top-Up Estimate	
\$5.14/ckg (call for details)	
ISO Weans	\$32.26 US Avg.
Feeder Pigs	\$68.22 US Avg.

Forward contract prices opened mostly higher this morning.

US packers marginally improved their cash bids for hogs to start this week and were successful in meeting a full slaughter schedule at approximately 465,000 hogs. Hog supplies are in line with the latest USDA survey results, averaging close to 4% more hogs than year ago levels, but there is significant variability in these numbers from week to week. In addition, recent regional hog carcass weights have been about 3 lbs. larger than year ago levels, suggesting that producers are a little behind in their marketings. Typically, at this time of year, tightening hog supplies combined with a positive shift in demand (relating to warmer weather) results in a \$25 - \$30 CAD/ckg increase over the next two months. However, given the large 'up front' supplies of hogs, the start of this seasonal increase may be pushed back a couple of weeks. Producer focus should be on the last few months of 2018, when pork production is expected to reach record-large levels, which will likely come in 5% larger than the previous record set over October - December in 2017. Producers should forward contract as much as half of their production in this timeframe as current forward prices represent good value in the context of the heavy supplies that are anticipated.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading higher on strong crush data and some developments in the US sorghum trade that is supporting peripheral markets (such as soymeal) and is therefore supporting beans. NOPA has reported a 1% increase in bushel per day usage relative to the previous year representing a new record. Regarding sorghum, China has imposed a 178.6% (!) deposit on sorghum imports from 18 US-based companies as it conducts an anti-dumping probe on US imports. The deposit is considered a tariff or tax by many on the US-side and further represents increasing trade tensions between the US and China. Meal and beans have not rallied on the news, but it is providing underlying support; recall that China cannot sole-source beans from another exporter for its needs or exclude the USA completely.

US corn futures opened lower this morning. Weakness in US corn futures are a feature of the trade this morning despite news that might otherwise be considered supportive. While it is much too early to project production or yield estimates at this time, the Crop Progress report yesterday showed that US corn planting is behind relative to the 5% average typical at this time of year, coming in at just 3% and only represented a 1% increase over the previous week. There are some commentators highlighting the issue of planting delays in their publications, but as noted, it is a bit on the early side to be ringing alarm bells. As such, the market has not really reacted to the news and could break through some near-term support levels if the current trend is maintained.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig. #5		162.74	160.63 171.68	166.99 171.78	165.39 171.26	148.15 161.46	145.67 149.40	129.84 141.12	128.83 132.60	129.58 140.96	138.43 143.43
Soymeal Wpg/S. Man Delivered	513	513	517	517	519	516					

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STRENGTH IN NUMBERS

