

# Hog Margin Outlook

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Thursday, April 19, 2018

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

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

**Forward contract prices opened mixed this morning.** US cash markets continue to recover from the lows seen earlier and all reference reporting regions came in higher than the previous session. The ISM and WCB regions were over \$2.10 USD/cwt. higher than previous day while the National reporting region came in just over a dollar above yesterday's bids. Supplies keep moving through the supply chain and another 462,000 hogs were estimated to be processed on Wednesday. While there is a slight seasonal element to the recent recovery, there is also steady demand from the processing sector and good domestic (US) demand ahead of grilling season (which speaks to seasonality). Lean hog futures likewise are seeing some support, again on some seasonal expectations, but there are some concerns further out amid large supplies as the ongoing trade dispute with China simmers and some uncertainty (still) over NAFTA, although those talks appear to be progressing. In other news, the Bank of Canada announced yesterday that it would not raise the overnight lending rate in a move that was widely expected. The Canadian dollar nevertheless came under pressure following the announcement and dropped ½ cent immediately following the news. The daily rate settled 4/10ths lower than the previous day, which adds value to all forward contracts impacted by the drop.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are under some pressure this morning, likely reacting to the release of the export sales report which showed net sales coming in at 1.04 MMT. The pre-report expectation was for between 1.4 and 2.2 MMT so the drop came in lower than the lowest pre-report estimates and represented a 31% decrease in sales relative to the previous week. Comments ahead of the report suggested the market was looking for 'big' soybean sales which evidently did not materialize. Traders are keeping a close eye on weather maps which have not been threatening so far.

**US corn futures opened mixed this morning.** A bearish tone is present in the US corn future trade this morning. Net sales numbers released by the USDA yesterday showed exports for week ending April 12 came in at 1.09 MMT, or, near the middle of the 700,000 to 1,400,000 MT pre-report expectations. Pressure on other commodities is also adding a bearish tone to the trade as has numbers on ethanol production showing 1.009 billion barrels per day compared to the 1.034 billion bpd the previous week. While lower, ethanol production was still 2.2% higher over last year while the USDA suggested a 2.6% increase was possible.

US Slaughter	
462,000	Wednesday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$54.75
National	\$59.03
Iowa/S. MN.	\$54.81
ML Signature 5	\$129.38
HyLife (prev. day)	\$130.42
TCP/BP2	\$129.38
<b>BoC Rate (Noon) prev. day</b>	
\$1.2614 CAD / \$0.7927 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.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		166.14	164.02 175.11	172.01 176.82	170.01 175.91	150.61 164.00	147.94 151.67	132.00 143.32	130.98 134.76	131.75 143.19	143.61 145.68	144.96 146.65	147.97 158.10
Soymeal Wpg/S. Man Delivered	508	508	512	512	516	516							

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