

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 23, 2018

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

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

Forward contract prices opened mixed this morning. US cash markets made solid gains last week despite weaker cash bids on Friday. Packers have increased their cash bids by about \$7.00 USD/cwt over the last week, initiating the typical spring rally in prices that comes with tightening supplies and a shift in consumer preference toward fresh pork for the barbecue season. However, hog supplies have not yet experienced a significant drop with last week's slaughter estimated at 2.436 million hogs which was more than 6% larger than the same week in 2017. Lean hog futures may be reacting to the larger than expected supplies with all contracts dropping more than USD\$0.75/cwt in early morning trade. The latest production estimates from the USDA has American production increasing 5% over year ago levels with the expectation that most of the increase in supply will flow through domestic channels and result in a 4% increase in consumption. Producers should mitigate some of the price risk in the highest production period of September – December in order to secure profitable production in the context of record large supplies.

Canadian delivered soymeal prices opened higher this morning. If US corn planting drags on (or is late), there is a chance that farmers could switch to beans despite planting intentions earlier. That is the message making the rounds this morning although one should remember that it is still very early in the planting season. US Corn planting will likely ramp up in the next few weeks and the market will then have a better idea on new crop numbers (for both crops) which will influence some new fundamental estimates. The market will be closely watching the US weather and the ongoing production challenges in Argentina. Areas of the southern US stretching into Kansas, Missouri and southern Iowa are also a bit on the dry side currently.

US corn futures opened lower this morning. Even though US, new crop planting progress is in its infancy, there are still some suggesting that planting 'delays' could bear influence on market direction this week. Planting progress at this stage itself isn't likely to provide much support, but planting delays combined with dry areas of concern likely could. Moisture levels at this point have not made the headlines yet. However, there are some dry areas of concern that could be problematic further out if timely rain doesn't materialize. In the meantime, belts of (much needed) showers in some areas and northern melt are preventing field-work. Brazil's second crop is facing lower production estimates, adding to the supportive tone.

US Slaughter	
2.436 mil.	Last Week
2.297 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$57.74
National	\$60.22
Iowa/S. MN.	\$57.93
ML Signature 5	\$135.38
HyLife (prev. day)	\$133.89
TCP/BP2	\$135.38
BoC Rate (Noon) prev. day \$1.2728 CAD / \$0.7857 USD	
Cash Prices Week Ending April 21, 2018	
Signature 3	123.77/56.14
Signature 4	129.95/58.94
Signature 5 Brandon	126.86/57.54
h@ms Cash	125.36/56.86
HyLife	130.29/59.10
TCP/BP2 Moose Jaw/Langley	118.85/53.91
2018 Top-Up Estimate	
\$5.01/ckg (call for details)	
ISO Weans	\$34.40 US Avg.
Feeder Pigs	\$64.59 US Avg.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			162.84 174.12	170.44 175.33	168.91 174.91	150.07 163.68	147.44 151.25	132.08 143.60	131.05 134.89	131.91 143.52	143.98 146.05	145.36 147.08	147.62 157.85
Soymeal Wpg/S. Man Delivered	51	514	519	519	521	520							

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