

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 24, 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets failed to resume their spring rally in yesterday's trade, with negotiated prices in most regions reported to be \$0.30 - \$0.50/cwt lower. There have been few indications of a tightening supply, with week-day hog slaughter still averaging more than 460,000 hogs or about 4.5% larger than levels seen last year. Wholesale pork prices have been stable over the last few weeks but are running close to 10% lower than levels seen last year, possibly reflecting the abundant supplies. The USDA released the Cold Storage report yesterday and it confirmed ideas of growing inventory with all pork in storage up 12% over year ago levels. All of the primal cuts showed an increase in supply except for pork butts which were down slightly from year ago levels. With the added supply that is expected, the market is increasingly reliant on export market sales if we are to avoid significant price cuts in domestic distribution channels. Producers should look to hedge up to half of their September - December production at current prices which would mitigate some of the price risk associated to the record supplies that are expected in this timeframe.

US Slaughter	
464,000	Monday
443,000	Year Ago
Daily Prices	
W. Corn Belt	\$57.63
National	\$60.65
Iowa/S. MN.	\$57.80
ML Signature 5	\$136.86
HyLife (prev. day)	\$135.86
TCP/BP2	\$136.86
BoC Rate (Noon) prev. day	
\$1.2833 CAD / \$0.7792 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.

Canadian delivered soymeal prices opened mixed this morning. The soybean complex has experienced eroding prices over the last two weeks, as South America's production problems have largely been worked into the market. Trader focus is shifting over to the progress of US planting, which has shown little improvement over the last week. With the cool, moist conditions that much of the Midwest is experiencing, planting has still not started in the Northern half of this region, which will favor increased Soybean acres and a lower price trend.

US corn futures opened lower this morning. Planting has yet to start in key growing areas like Iowa where planting progress is normally 11% complete according to the 5 year average of crop progress report. With more precipitation in the forecast for later this week, prices could start to appreciate as the crop's yield potential is cut by the delayed start.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			162.03 173.31	170.21 175.10	168.71 174.71	149.34 162.94	146.60 150.40	131.56 143.06	130.52 134.36	131.58 143.20	143.66 145.72	144.94 146.67	148.11 158.41
Soymeal Wpg/S. Man Delivered	515	515	518	518	518	521							

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