

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 25, 2018

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

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

US Slaughter	
466,000	Tuesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.20
National	\$62.69
Iowa/S. MN.	\$58.28
ML Signature 5	\$139.80
HyLife (prev. day)	\$141.60
TCP/BP2	\$139.80
<b>BoC Rate (Noon) prev. day</b>	
\$1.2828 CAD / \$0.7795 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.

**Forward contract prices opened lower this morning.** US cash prices were slightly higher in yesterday's trade with negotiated values in a flat trend over the last week. Hog supplies have been relatively predictable in recent weeks, with the long term average hog slaughter running about 3% larger than year ago levels and contributing to pork production gains of around 4.5% over 2017 levels. Wholesale pork prices are running 9% lower than year ago levels, while cash hog prices are trading near steady with prices seen in April of 2017. This means packers are dealing with margins that are less than half the size that they were last year, a predictable feature of expansion in the slaughter sector. Lean Hog futures were sharply lower in yesterday's trade, partly due to the abundant supplies, but also seeing influence from weaker stock markets that could indicate slower domestic demand growth. Forward contract prices for the September – December timeframe are averaging near \$144.00/ckg, approximately \$6.00/ckg or 4.5% larger than cash prices seen in this timeframe in 2017.

**Canadian delivered soymeal prices opened higher this morning.** The soybean complex has seen price pressure over the last 2 weeks, but has been surprisingly resilient to the trade tensions that have resulted in a slower pace of exports to China. Typically, at this time of year, China shifts some of its focus to South America, but some analysts suggest that Brazil may be benefitting by as much as 20% more sales than otherwise would have occurred without the new trade tensions.

**US corn futures opened higher this morning.** Corn futures bucked the trend in most commodity and stock markets yesterday, gaining value in part due to expectations of a smaller crop resulting from slow planting progress. New crop Corn futures are now only about 6 cents down from contract highs, but could see significant weakness over the coming weeks if growers are able to make good planting progress.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			158.80 170.14	168.65 173.56	168.11 174.14	149.17 162.85	146.35 150.16	130.81 142.37	129.77 133.63	130.20 141.82	142.28 144.34	143.72 145.45	146.90 157.19
Soymeal Wpg/S. Man Delivered	524	524	527	527	527	530							

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STRENGTH IN NUMBERS