

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 27, 2018

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

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

US Slaughter	
464,000	Thursday
440,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.42
National	\$63.60
Iowa/S. MN.	\$58.42
ML Signature 5	\$141.46
HyLife (prev. day)	\$144.04
TCP/BP2	\$141.46
BoC Rate (Noon) prev. day	
\$1.2862 CAD / \$0.7775 USD	
Cash Prices Week Ending April 28, 2018	
Signature 3	136.53/61.93
Signature 4	141.27/64.08
Signature 5 Brandon	138.90/63.00
h@ms Cash	137.40/62.32
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	126.86/57.54
2018 Top-Up Estimate	
\$4.86/ckg (call for details)	
ISO Weans	\$34.40 US Avg.
Feeder Pigs	\$64.59 US Avg.

Forward contract prices opened mostly higher this morning.

The spring rally that hog markets typically see at this time of year stalled this week with packers increasing their cash bids by less than \$1.00 USD/cwt. US packers are benefitting from an abundant hog supply that has allowed them to maintain a full weekday slaughter at a time when they have typically been forced to cut back. However, the increase in pork production levels has placed more pressure on wholesale pork prices, resulting in a pork cut-out value is effectively unchanged for the last three weeks. US weekly pork exports are running at similar levels to last year as gains in Korea and Mexico have been offset by the abrupt drop in exports to China, where the weekly sales report has shown volumes are down 90% to China compared to last year at this time. Summer month lean hog futures trades are reflecting a heavy supply and constrained export demand this week with prices falling about USD \$4.00/cwt over the last week. However, the fall timeframe has been more resilient to the bearish fundamentals and is allowing producers to secure an average price of approximately \$140 CAD/kg from September – December amidst an anticipated record supply of pork.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures are finishing the week off on a higher note this morning with the nearby contract trading near the middle of the recently established range. 'Local' basis has firmed for meal which has added to the price Canadian buyers pay for the feed input. The Argentine crop is over half harvested at this point and yield estimates are coming in near 35.7 bpa when converted from the 2.4 tonne per hectare units of measure used in the country. Using this as a base, production estimates are now pegged at approximately 42 MMT which is slightly higher than the more pessimistic outlooks, but many analysts seem to think the final national yield could drift more toward the 40 MMT mark in the final analysis.

US corn futures opened higher this morning. After some pressure from fund selling yesterday, US corn futures contracts are trading higher this morning. Underlying support comes from a slower planting pace and estimates for national harvest are currently pegged between 19% and 22% which represents a 5-8% increase over planting progress numbers posted Monday. Updates on planting progress will be released each successive Monday until the end of the planting season and will be watched quite closely. While the national numbers are a bit behind the average US pace, Illinois, for example, has reportedly planted a bit over 50% of their crop.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			157.26 168.58	167.63 172.53	167.49 173.51	148.30 161.96	145.66 149.47	130.06 141.61	129.02 132.88	130.82 142.47	142.93 145.01	143.97 145.70	147.02 157.34
Soymeal Wpg/S. Man Delivered	543	543	547	547	547	546							

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