

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 30, 2018

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

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

Forward contract prices opened lower this morning. US cash markets were steady in last week's trade with regional markets showing no improvement over the previous week. Hog slaughter was estimated by the USDA at 2.363 million hogs which is approximately 2.5% larger than the same week last year. Packer margins have been under pressure for the last several weeks and are currently at their tightest level since February. However, the benefit to producers is not what one would expect in the spring timeframe and packers have simply been maintaining their bids in a marketing environment that is heavy with supplies. Lean hog futures reflect the current supply situation with the summer contracts losing about 6% of their value last week. However, the October and December contracts are at risk of even greater declines as this timeframe typically suffers from a seasonal high in pork production which is expected to exceed 5% growth over 2017 levels in the 4th Quarter (October – December) this year.

Canadian delivered soymeal prices opened higher this morning. There is talk that this morning's strength is a function of support in grains, generally, currently being led by wheat. But support can be also found from ongoing concerns regarding the Argentine crop (especially as related to meal) and some expectations ahead of today's Crop Progress report that will be released after trading at 4:00 PM, Central time. There is talk Argentine crushers are dealing with tight domestic supply and have even recently purchased some US beans to fill the void. Planting progress is expected to come in between 4% and 6% compared to the average 10% at this time of year and 2% last week.

US corn futures opened higher this morning. Summer month contracts are flirting with highs last seen in March as a slow planting progress starts to weigh on the trade. The concern is, if planting does not pick up soon, acres could go unplanted, and if that happens, the supply side of the balance sheet could sufficiently squeeze ending stocks estimates further out. Recall that estimated acreage is already lower than expectations and the previous year. Tomorrow's report is expected to show corn coming in between 15% and 19% planted (on average, although there are some estimates as high as 25%) compared to the 34% normally seen at this time of year.

US Slaughter	
2.363 mil.	Last Week
2.299 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$58.15
National	\$63.93
Iowa/S. MN.	\$58.31
ML Signature 5	\$141.47
HyLife (prev. day)	\$144.72
TCP/BP2	\$141.47
BoC Rate (Noon) prev. day	
\$1.2857 CAD / \$0.7778 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	141.76/64.30
TCP/BP2 Moose Jaw/Langley	126.86/57.54
2018 Top-Up Estimate	
\$4.86/ckg (call for details)	
ISO Weans	\$33.64 US Avg.
Feeder Pigs	\$66.03 US Avg.

Fixed Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5			153.62 164.91	163.98 168.87	163.10 169.11	143.81 157.44	141.12 144.93	126.74 138.26	125.70 129.55	127.69 139.31	139.77 141.84	141.57 143.29	144.59 154.88
Soymeal Wpg/S. Man Delivered	553	553	557	557	557	555							

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