



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 08, 2018

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

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

US Slaughter	
449,000	Monday
432,000	Year Ago
Daily Prices	
W. Corn Belt	\$58.71
National	\$64.64
Iowa/S. MN.	\$59.53
ML Signature 5	\$143.02
HyLife (prev. day)	\$146.32
TCP/BP2	\$143.02
BoC Rate (Noon) prev. day \$1.2864 CAD / \$0.7774 USD	
Cash Prices Week Ending May 5, 2018	
Signature 3	138.42/62.79
Signature 4	146.87/66.62
Signature 5 Brandon	142.65/64.71
h@ms Cash	141.15/64.03
HyLife	146.06/66.25
TCP/BP2 Moose Jaw/Langley	138.90/63.00
2018 Top-Up Estimate	
\$4.82/ckg (call for details)	
ISO Weans	\$30.97 US Avg.
Feeder Pigs	\$64.00 US Avg.

Forward contract prices opened higher this morning. US cash markets started this week with modest gains being reported in most cash market regions. However, wholesale pork prices received a needed boost and yesterday's pork carcass cut-out gained over \$2.00 USD/cwt compared to Friday's trade. Gains were made in almost all of the primal cuts with bellies and hams being the largest benefactors and adding 6% to their value yesterday. A rally in pork product prices is helpful in order to support cash hog prices as packer operating margins are on the narrow end of historical levels and would give packers greater confidence that they can profitably sell their production at higher hog costs. Lean hog futures have found support in recent trade, with the October and December contracts both finishing the day higher, providing a better opportunity to hedge the critical September – December timeframe. A lower Canadian dollar relative to the previous day is also helping to add value over this timeframe this morning.

Canadian delivered soymeal prices opened lower this morning. The ongoing trade rift between China and the USA is pressuring beans despite some challenging production concerns in Argentina. On Friday, a delegation of US trade representatives left China with no new agreement on how to settle the ongoing trade imbalance issue pegged by the US administration as problematic, and perhaps more telling, no new dates for further meetings. While China cannot sole source beans from any one nation, they are apparently taking some action at self sufficiency (even though that would still not completely fill the void) and there is talk about the recent flow of Paraguayan and Uruguayan beans flowing to China in increasing volumes despite some complex diplomatic issues looming about. Planting progress for beans is at 15% compared to a 13% 5-year average.

US corn futures opened higher this morning. There are thoughts that pre-WASDE report positioning could be behind the current support in US corn futures, although it is noted that all contracts (including the ones that would reference old crop) are all higher this morning. US farmers made good progress last week and the planting progress is now pegged at 39% compared to the pre-report expectation of 37% and a 44% 5-year average. In any event, ending stocks estimates for the 2018/19 (i.e. new) crop in Thursday's WASDE report is expected to come in at 1.6 billion bu. on average on thoughts of lowered acreage and potentially lower yield estimates if the relationship to historical planting progress is any indication.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		164.71 173.32	167.72 172.67	166.07 172.14	145.12 158.90	142.48 146.32	127.63 139.28	126.58 130.47	128.29 140.02	140.49 142.58	142.53 144.28	145.70 156.10
Soymeal Wpg/S. Man Delivered	546	546	549	543	544	542						

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