



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 10, 2018

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

www.hamsmarketing.ca

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

US Slaughter	
461,000	Wednesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$61.16
National	\$65.52
Iowa/S. MN.	\$61.30
ML Signature 5	\$146.82
HyLife (prev. day)	\$149.49
TCP/BP2	\$146.82
BoC Rate (Noon) prev. day	
\$1.2856 CAD / \$0.7778 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 lower this morning. US negotiated cash markets gained nearly \$1.00 USD/cwt in most reporting regions yesterday as packers were willing to pay more for the tightening supply of hogs, in part, due to further gains seen in the pork cut-out. Wholesale pork prices appear to be on a trend where support develops over one or two days and then prices fall and take back some of the gains. This is not characteristic of the normal spring market, but there is always some uncertainty in the timing of the spring rally that tends to take prices to the highest levels for the year. As a result, Lean hog futures have been hesitant to add value to the premium that they hold over the current cash market, which currently suggests that cash markets will climb about \$11 USD/cwt (or about 16%) over the next five weeks. NAFTA trade talks represent a risk to the market as progress seems slow with large issues reportedly still to be resolved. As we approach the month of July, a deal may be more difficult to achieve as talks could stop for an extended period due to the national election in Mexico on July 1st. Producers should secure prices on as much as half of their production for the last half of 2018 in order to protect against the effects of record pork production and insecure export sales.

Canadian delivered soymeal prices opened lower this morning.

Trading activity backed off near day-end yesterday and volume is expected to be light ahead of today's WASDE report. The important thing about the May WASDE report is that it provides the first official look at supply and demand estimates for the new crop year. The current spread between pre-report ending stocks estimates is a large 315 million bu. spanning 400 million bu at the low end and 715 million bu at the upper end although, anecdotally, there is more of a pessimistic tone than optimism this year. On the other hand, there is enough uncertainty in export markets (regarding China) that could provide a cushion against low production volume in the short term until supply chains recalibrate (if necessary).

US corn futures opened lower this morning.

Like bean traders, US corn traders will be looking to the May WASDE report released today for direction. Also, like beans, there is a bit of a pessimistic production tone for the new crop that could usher in support for the new crop futures contracts, especially if production estimates come in lower than expectations. Acreage is already estimated lower than previous years and combined with the demand estimates, ending stocks have been pegged around 1.6 billion bu on average by analysts for the new crop marketing year. Lower acreage combined with a trend line yield are cited as rationale and there are some that think a trend-line yield could be a bit high this year.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		165.73	167.44	165.59	142.29	139.59	125.87	124.84	128.45	140.49	142.97	146.62
Soymeal Wpg/S. Man Delivered	547	547	550	543	544	542						

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

WINNIPEG LIVESTOCK
HWY #6 AND RD 236

CALL CRYSTAL FOR MORE INFO 204-235-2225

LIGHT HOG PROGRAM!

ACCEPTING:
SOWS
BOARS
LIGHTS
MARKET HOGS