



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 16, 2018

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

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

US Slaughter	
461,000	Tuesday
441,000	Year Ago
Daily Prices	
W. Corn Belt	\$64.73
National	\$67.73
Iowa/S. MN.	\$64.73
ML Signature 5	\$153.79
HyLife (prev. day)	\$152.29
TCP/BP2	\$153.79
<b>BoC Rate (Noon) prev. day</b>	
\$1.2876 CAD / \$0.7766 USD	
Cash Prices Week Ending May 12, 2018	
Signature 3	141.80/64.32
Signature 4	148.91/67.55
Signature 5 Brandon	145.36/65.93
h@ms Cash	143.86/65.25
HyLife	148.30/67.27
TCP/BP2 Moose Jaw/Langley	142.65/64.71
2018 Top-Up Estimate	
\$4.76/ckg (call for details)	
ISO Weans	\$31.39 US Avg.
Feeder Pigs	\$61.98 US Avg.

**Forward contract prices opened mixed this morning.** US cash markets gained nearly \$1.50 USD/cwt. in most reporting regions yesterday representing the first time in several weeks that a single day's gain has exceeded \$1.00. Packers are matching their cash bids to the value of wholesale pork which has the effect of stabilizing operating margins currently estimated to be around \$20 USD/hog. At this level, packers are easily covering their production costs, but profits would be relatively slim with significant variability from plant to plant. Lean hog futures lost an average of \$1.00 USD/cwt in yesterday's trade with the market discounting futures values based, in part, on recent, sluggish cash market fundamentals and concerns over export sales. After a steep decline in the Canadian Dollar yesterday, the Loonie has regained most of its losses this morning and is trading near USD \$0.78. Producers should consider hedging up to half of their September – December production at current prices, as supplies are expected to be record large at the same time as red meat and poultry production grow by record levels to an estimated 3%.

**Canadian delivered soymeal prices opened lower this morning.** Like other markets these days, US soybeans are up one day and down the next. There appears to be no clear direction either way which is a function of the ongoing uncertainty and rapidly changing news. On the bearish side, a well-respected, private analytics firm has estimated planted acreage to increase in the new crop year by 400,000 acres from the USDA's current 89 million acre estimate which would add to the supply side. On the bullish side, NOPA crush has come in 16% higher than last year which could be the result of customers turning to the USA due to production challenges in South America. In other news, a delegation of Chinese officials is in the US to discuss the ongoing trade dispute, which, could go either way, or, nowhere at all and prolong the uncertainty.

**US corn futures opened lower this morning.** Like beans, US corn futures are starting the session off lower this morning. It has been noted that managed money has been a bit 'long' in their net positions and many have been suggesting a sell-off could be in the works. This morning, that rationale to liquidate positions may have been ushered in by private suggestions US corn planting could increase by one million acres compared to the USDA's current 88 million acre estimate. Speaker Ryan's congressional 'deadline' on NAFTA is also looming (tomorrow at noon) and if missed, the likelihood of ongoing uncertainty will likely keep the markets repositioning until more stability returns. Mexico is the number one export market for US corn.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		166.18 170.52	167.84 172.73	165.70 171.69	141.57 155.17	138.98 142.78	123.98 135.49	122.95 126.79	125.94 137.60	138.06 140.14	141.71 143.44	144.78 155.11
Soymeal Wpg/S. Man Delivered	538	538	540	535	536	534						

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## h@ms Marketing Services will be closed

Monday, May 21 for Victoria Day in Canada. Forward contracting will be unavailable and the HMO and Opening Price reports will not be published.

Normal business resumes on Tuesday, May 22.