



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 17, 2018

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

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Hog Prices:  $\uparrow\downarrow$  Soymeal:  $\downarrow$   
Corn:  $\uparrow$  CDN Dollar:  $\uparrow$

US Slaughter	
460,000	Wednesday
439,000	Year Ago
Daily Prices	
W. Corn Belt	\$64.80
National	\$68.09
Iowa/S. MN.	\$64.98
ML Signature 5	\$153.48
HyLife (prev. day)	\$154.31
TCP/BP2	\$153.48
BoC Rate (Noon) prev. day	
\$1.2809 CAD / \$0.7807 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 to higher this morning.

US cash prices were slightly higher in yesterday's trade with the day's slaughter estimated at 460,000 hogs. While there has been a gradual erosion of hog supplies over the last month, packers have so far avoided a huge decline in their weekday kills. Producers are still current with their marketings and may be pulling hogs slightly ahead of schedule as some USDA data suggests that hog carcass weights have declined. However, packers are primarily basing their bids off the value of wholesale pork, which has struggled to show any consistent gains over the month of May. Only the butts and ribs primal cuts are showing year over year gains, while hams, loins and bellies (which make up close to 70% of the carcass by weight) are down more than 10% from year-ago levels. Lean hog futures are still offering prices that reflect a typical seasonal rally, with the July futures contract offering prices that are \$13 USD/cwt (or 20%) higher than the current cash market. Producers should focus on the September – December timeframe to manage the risk associated with the record production that is expected.

## Canadian delivered soymeal prices opened lower this morning.

The soybean complex is seeing some support this morning after trading under pressure yesterday. A Chinese delegation of trade negotiators will be speaking with US trade officials today and there are thoughts that some headway could be made. There is a general sense of cautious optimism in the scan of the early morning comments this morning. The Export Sales report released at 7:30 AM today shows that beans came in lower than expectations anew were down from the previous week and the rolling average trend. Meal, however, showed progress over the benchmarks and is thought to be a result increasing demand to fill the Argentine void. NOPA crush numbers released earlier in the week would also support stronger demand generally.

**US corn futures opened higher this morning.** Despite yesterday's weakness, US corn futures are still trading amid recent highs and are moving higher this morning. Export sales numbers showed that net sales of old crop production were up 42% over the previous week and 15% higher than the four-week average. Net sales of 985,700 MT were reported compared to the pre-report estimates between 700,000 and, 1,000,000 MT therefore coming in at the upper end of the pre-report range. Interestingly, Mexico (the USA's number one importer) showed decreases over the previous week and while it is much too early to draw conclusions, preliminary discussions have revealed NAFTA uncertainty could be behind a potential Mexican move toward supply diversification.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		167.52	168.52	165.57	141.98	139.41	124.64	123.60	126.17	132.88	141.31	144.37
Soymeal Wpg/S. Man Delivered	537	171.86	173.40	171.56	155.57	143.20	136.14	127.45	137.76	140.28	143.03	154.63

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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.