



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 18, 2018

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

www.hamsmarketing.ca

Hog Prices: ↑Soymeal: ↔

Corn: ↑ CDN Dollar: ↑↓

US Slaughter	
453,000	Thursday
440,000	Year Ago
Daily Prices	
W. Corn Belt	\$65.27
National	\$68.61
Iowa/S. MN.	\$65.27
ML Signature 5	\$154.52
HyLife (prev. day)	\$154.67
TCP/BP2	\$154.52
BoC Rate (Noon) prev. day	
\$1.2801 CAD / \$0.7812 USD	
Cash Prices Week Ending May 19, 2018	
Signature 3	150.52/68.28
Signature 4	153.41/69.59
Signature 5 Brandon	151.96/68.93
h@ms Cash	150.46/68.25
HyLife	152.78/69.30
TCP/BP2 Moose Jaw/Langley	145.36/65.93
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 higher this morning. US cash markets maintained the trend of modest gains this week as packers are dealing with tightening supplies while operating margins are tighter than levels typically seen at this time of year. Wholesale pork prices made gains of close to \$1.00 USD/cwt in yesterday's trade despite ongoing weakness in the ham primal. Ham values are pushing into new lows and are already discounted from last year's prices by about 20%. Yesterday, news regarding the latest NAFTA negotiations was not favourable to a deal being made; Prime Minister Trudeau said there was 'a good deal on the table' while the US Chief Negotiator said that they were 'nowhere near close'. Lean hog futures opened this morning near steady with yesterday's close, but the uncertainty of a successful trade deal being made likely contributed to the sharp decline in the Canadian Dollar at opening this morning. Producers should use the recent support experienced in the September – December forward prices as an opportunity to secure production near break-even levels at a time of high uncertainty.

Canadian delivered soymeal prices opened even this morning. US soymeal futures are leading the bean complex in an interesting development that sees meal demand relatively high while bean demand becomes a bit more uncertain. Of course, a larger domestic crush means more demand for beans. However, there is evidence China's appetite for beans generally is somewhat waning in the face of an unprofitable livestock sector that could be backing off on production for now. As well, there is an overall aversion to accepting US beans currently even though China is the number one destination for US soybeans. Production challenges in Argentina, however, are thought to be in part responsible for the uptick in the US crush as global meal becomes scarcer and supply pipelines become disturbed.

US corn futures opened higher this morning. Evidence of record-large corn shipments is supporting US corn after following other commodities lower amid the recent market uncertainty that will likely be a function of the trade until such time more concrete evidence of 'normalized' trading environment returns. Then the market can focus on technical and fundamental indicators once again. In the meantime, fundamentals are strong, and the export sales pace is 5% higher than the 5-year average. While this news is supportive currently, hiccups in NAFTA negotiations will likely influence the trade in unconventional ways especially noting Mexico is still the number one destination for US corn despite backing off last week.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		168.52	169.36	166.69	143.10	140.51	126.49	125.45	128.36	140.49	143.56	145.78
Soymeal Wpg/S. Man Delivered	537	537	540	534	535	533						

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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.