



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 22, 2018

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

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

US Slaughter	
457,000	Monday
440,000	Year Ago
Daily Prices	
W. Corn Belt	\$64.85
National	\$69.30
Iowa/S. MN.	\$65.05
ML Signature 5	\$155.77
HyLife (prev. day)	\$156.12
TCP/BP2	\$155.77
BoC Rate (Noon) prev. day	
\$1.2880 CAD / \$0.7764 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	
\$4.59/ckg (call for details)	
ISO Weans	\$29.07 US Avg.
Feeder Pigs	\$55.25 US Avg.

**Forward contract prices opened lower this morning.** US cash markets started this week sharply lower with negotiated prices dropping approximately \$1.30 USD/cwt. The combination of an increase in hog numbers (3.7% larger) and an increase in carcass weights (1.9% larger) has pork production up 5.7% over year-ago levels. This is putting pressure on prices as packers are concerned about what discounts will be required to clear the market of the added supply. However, ham values made good gains to start this week by adding \$6.00 USD/cwt, or more than 10% of their value, and lifting the carcass cut-out by about \$2.00. Lean hog futures contracts remain cautious about adding any extra value beyond the normal seasonal rally. The market could see influence from the results of the latest USDA Cold Storage report, which will be release after the market closes this afternoon. The trend over the last few months has been moderately more pork in storage, but traders will be watching the supplies of all red meat and poultry as an indicator of how well demand may have responded to the larger supplies.

**Canadian delivered soymeal prices opened higher this morning.** US farmers made excellent planting progress and the USDA has suggested that 56% of the crop is now planted compared to a 44% average pace and 50% last year. Normally, the news would likely add pressure to the market. The market is supported this morning, however, on news that trade talks in the US with the Chinese are making progress; the US Commerce Secretary will visit China next week to finalize a trade agreement, and there is very early talk the news may have already trickled into the export numbers although that is very much a leap at this time. Also supportive is a round of truckers' strikes in Brazil that will likely clog supply lines in the short term.

**US corn futures opened higher this morning.** US corn farmers increased planted acreage by 19% compared to last week and have 'caught up' to the average planting pace. The USDA has estimated 81% of the corn crop is planted which falls exactly in line with the five-year average. The news that Wilbur Ross (US Commerce Secretary) will travel to China next week to finalize a trade agreement following initial framework in the US is supportive. There are currently truckers' strikes taking place in Brazil. Pipeline blockages in competing markets create opportunities for sales elsewhere meaning strikes in South America are generally supportive to the US market.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		165.76 165.88	162.78 167.65	159.56 165.54	137.46 151.02	134.81 138.62	122.23 133.69	121.19 125.02	124.09 135.63	136.09 138.15	139.02 140.73	142.08 152.31
Soymeal Wpg/S. Man Delivered	538	538	541	538	539	538						

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