



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 25, 2018

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

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

US Slaughter	
459,000	Thursday
444,000	Year Ago
Daily Prices	
W. Corn Belt	\$65.01
National	\$70.47
Iowa/S. MN.	\$65.05
ML Signature 5	\$157.43
HyLife (prev. day)	\$159.70
TCP/BP2	\$157.43
<b>BoC Rate (Noon) prev. day</b>	
\$1.2891 CAD / \$0.7757 USD	
Cash Prices Week Ending May 26, 2018	
Signature 3	152.01/68.95
Signature 4	159.53/72.36
Signature 5 Brandon	155.77/70.66
h@ms Cash	154.27/69.98
HyLife	n/a
TCP/BP2 Moose Jaw/Langley	151.96/68.93
2018 Top-Up Estimate	
\$4.55/kg (call for details)	
ISO Weans	\$29.07 US Avg.
Feeder Pigs	\$55.25 US Avg.

**Forward contract prices opened higher this morning.** US cash markets have been near unchanged over the last ten days as packers are meeting their planned production schedules while they have no strong incentive to gain market share at this time of year. While the pork product market typically experiences large price gains over the month of May, the abundant supply of hogs combined with increased competition from beef has cut the pork market gains in half. Loin, ham and belly prices are down between 12% and 25% compared to last year which has helped to clear the market of the added pork being produced. However, Lean hog futures also reflect the weakness in pork prices as the summer month contracts are trading in the mid- \$70 USD/cwt range which is approximately 10% lower than futures values seen last year. Due to the expectation of record-large production, increased competition from other meats, and export demand uncertainty, producers should secure prices on 50% of their production in the critical September – December timeframe.

**Canadian delivered soymeal prices opened higher this morning.** Markets are recovering from yesterday's weakness and are trading lightly ahead of the US Memorial Day long weekend. While approaching overbought levels, some analysts still feel there is some more potential support ahead as weather has been supportive and there is still a lot of growing season left in the US; others have opined that the current demand risk premium is not as high as it should be. However, there is a lot of geo-political 'noise' in the marketplace, and until some trade agreements become finalized, the market will likely trade in a choppy, two-sided pattern until some final or official word is released. Crop conditions will first be released on Tuesday in the Crop Progress report.

**US corn futures opened higher this morning.** Like beans, US corn futures have followed other commodities higher to finish off the week. And also like beans, the US corn trade appears to be influenced by the cable news cycle. However, there are some fundamentals supporting the move; ethanol demand remains high, total corn export sales are higher than last year's levels, and they have reached the third highest on record. However, US corn also has the largest 'outstanding sales' number on record, and with trade agreements uncertain, there is a possibility that some outstanding sales could be cancelled. Tuesday's crop condition numbers (the first of the year) are expected to show US corn between 67% and 72% in good/excellent condition compared to last year's 65% rating.

Fixed Forward Range (at opening)	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig. #5		171.35	168.94	164.03	172.16	139.41	126.60	125.55	128.69	140.90	143.46	146.36
Soymeal Wpg/S. Man Delivered	545	171.46	173.89	170.11	155.93	143.25	138.24	129.44	140.43	142.99	145.20	156.75

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**The Risk Management department will be closed Monday, May 28 for Memorial Day in the USA.**

Markets are closed. Forward contracting will be suspended and the HMO and Opening Price reports will not be published.

The main office will be open Monday - Forward contracting resumes on Tuesday, May 22.