

# AB Pork Hog Commentary and Margin Update

Retail and wholesale meat prices were reported for the month of March. The data released confirms lower wholesale prices while retail values continued to be steady to higher. Higher retail values confirm that domestic demand remains strong and that wholesale values have potential to rebound. The spread between retail and wholesale on certain cuts is historically wide indicating a potential recovery in pork cut-out and eventually cash hog prices.

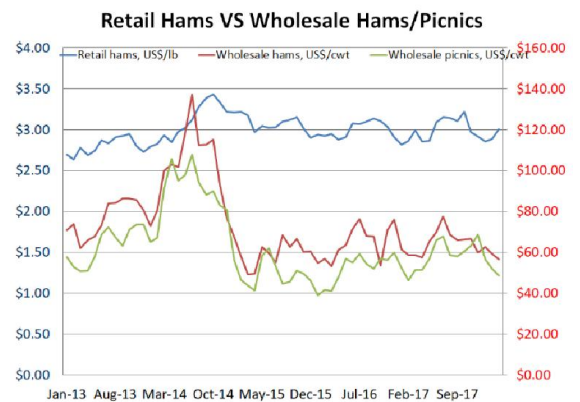
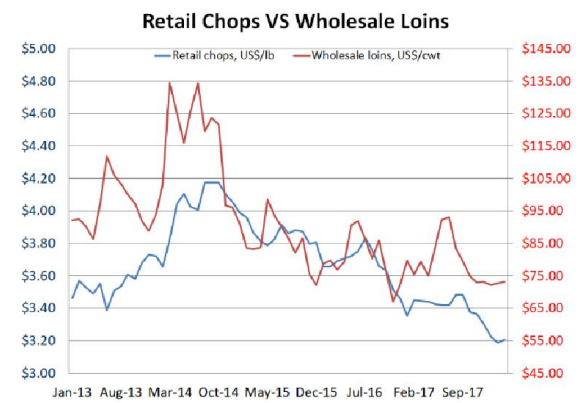
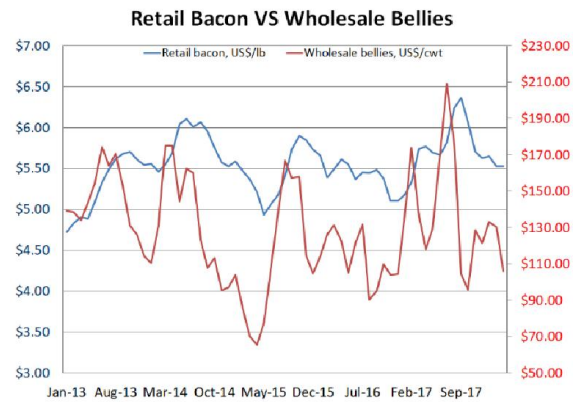
Retail bacon prices were stable, down 1 cent to \$5.53/lb. While bacon prices recorded a new record high for the month of February, the figure for March is under the high for the month (of March) recorded last year. Current values are 22 cents or 3.8% under last year and retail bacon price levels are 1 cent under the 3 year average for the month of March.

Overall, chop prices are 6.9% or 24 cents under last year, and 46 cents under the 3 year average for the month of March. Boneless chop prices declined 2 cents to \$3.70/lb for March. This brings boneless chops down 3.3% or 13 cents under last year.

Bone-in chop prices were also 2 cents lower, down 0.4% at \$3.70/lb, bringing the cut even with last year.

The total category for hams climbed 3 cents or 1.0% higher to \$2.89/lb for February, bringing hams only 2 cents or 0.9% over last year. Current retail price levels are 12 cents under the 3 year average for the month of March.

Boneless hams climbed 7 cents or +1.9% to \$3.96, bringing them 2.2% or 8 cents over last year. Bone-in ham prices have not been individually reported in more than a year and a half, which is the longest unreported period. The longest unreported period prior to this was in 1999/2000 when bone-in hams were not reported for 12 months. The category reporting other retail pork prices was up only 1 cent to \$2.64/lb. This brought the category +0.3% over last year. Current retail price levels are 9 cents under the 3 year average for the month of March.

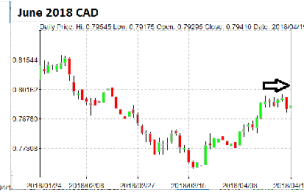


Hogs: Higher (+ve)

Corn/Wheat: Lower (+ve)

Soymeal: Lower (+ve)

CDN \$: Steady

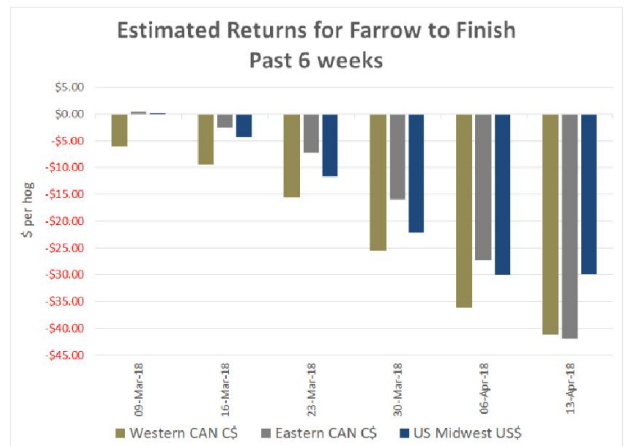
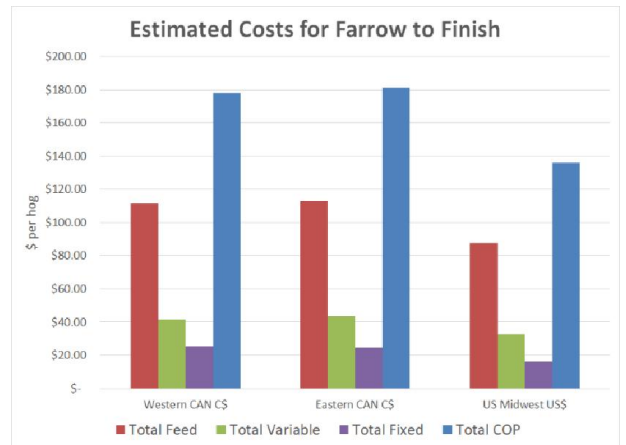


*\*\*Graphs above are a visual to illustrate weekly market changes impacting hog finishing margins.*

Although cash hog margins were again reported sharply lower, shown in the table and graph below, the near-term bottom of the market appears to have been reached with the latter half of last week posting gains in both cash and futures. The cash hog prices and resulting margins below are a weekly average and so as a result take time to show a change in direction. Based on market movement, margins are projected to be higher for this week and the coming summer months

March 2018	Estimated Returns for Farrow to Finish		
	280 lb Hog	280 lb Hog	280 lb Hog
	Western CAN C\$	Eastern CAN C\$	US Midwest US\$
<b>Feed Costs</b>			
Sow	\$ 15.16	\$ 14.31	\$ 8.21
Nursery	\$ 16.35	\$ 16.92	\$ 9.76
Grow-Finisher	\$ 79.89	\$ 81.92	\$ 69.49
Total	\$ 111.40	\$ 113.15	\$ 87.46
<b>Non-Feed Costs</b>			
Variable	\$ 41.41	\$ 43.70	\$ 32.70
Fixed Costs	\$ 25.25	\$ 24.55	\$ 16.03
<b>Total Costs</b>	<b>\$ 178.06</b>	<b>\$ 181.40</b>	<b>\$ 136.19</b>
<b>Weekly Cash Average</b>	<b>CAN \$ per hog</b>	<b>CAN \$ per hog</b>	<b>US\$ per hog</b>
09-Mar-18	172.09	181.82	136.21
16-Mar-18	168.78	178.95	132.01
23-Mar-18	162.51	174.25	124.61
30-Mar-18	152.65	165.51	114.18
06-Apr-18	141.87	154.15	106.21
13-Apr-18	136.88	139.44	106.39
<b>Weekly Margin*</b>	<b>Western CAN C\$</b>	<b>Eastern CAN C\$</b>	<b>US Midwest US\$</b>
09-Mar-18	<b>-\$5.97</b>	<b>\$0.42</b>	<b>\$0.02</b>
16-Mar-18	<b>-\$9.28</b>	<b>-\$2.45</b>	<b>-\$4.18</b>
23-Mar-18	<b>-\$15.55</b>	<b>-\$7.15</b>	<b>-\$11.58</b>
30-Mar-18	<b>-\$25.41</b>	<b>-\$15.89</b>	<b>-\$22.01</b>
06-Apr-18	<b>-\$36.19</b>	<b>-\$27.25</b>	<b>-\$29.98</b>
13-Apr-18	<b>-\$41.18</b>	<b>-\$41.96</b>	<b>-\$29.80</b>
<b>Bank of Canada Noon Rate (weekly average)</b>			<b>1.2814</b>

\* Margin Calculated using Weekly Cash Average hog price and last reported monthly cost of production  
 \*Farrow to Wean costs estimated for Nov 2017, nursery-finish for Dec 2017-Apr 2018



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