



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 04, 2017

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

## US Slaughter

2.535 mil. Last Week  
2.543 mil. Year Ago

## Daily Prices

W. Corn Belt \$58.77

National \$65.14

Iowa/S. MN. \$58.78

Signature 5 \$142.15

HyLife (prev. day) \$147.76

Britco (prev. day) \$136.84

TCP/BP2 \$142.15

BoC Rate (Noon) prev. day

\$1.2729 CAD / \$0.7856 USD

## Cash Prices Week Ending December 02, 2017

Signature 3 136.85/62.07

Signature 4 147.04/66.70

Signature 5 141.94/64.38

h@ms Cash 140.44/63.70

HyLife 145.99/66.22

Britco 132.75/60.22

TCP/BP2 141.00/63.96

## Year-to-Date Top-Up Estimate

\$4.02/ckg (call for details)

ISO Weans \$55.51 US Avg.

Feeder Pigs \$66.83 US Avg.

**Forward contract prices opened lower this morning.** US cash markets started the week off mixed with ISM and WCB coming in \$1.06 USD/cwt higher (both) and National at \$0.43 USD/cwt lower than the previous session. The cash market (like the futures market) is experiencing some uncertainty that on the one hand is optimistic about new competition stemming from the new plants (amid good current demand) while on the other, attempting to reconcile the large pork volumes currently being produced and an uncertain forward-looking demand. Weekly hog slaughter came in at 2.535 million hogs which is lower than last year (by less than 1%) yet interesting considering the USDA's forecast suggested the market would be dealing with approximately 4% larger animal numbers. The market will be eagerly awaiting the next Quarterly Hogs and Pigs report which is scheduled to be released on December 22<sup>nd</sup>. Lean hog futures are starting the week off lower after falling approximately 2% on Thursday. The market retraced some of those losses on Friday, however, and certain forward contract timeframes represent good value relative to history despite strength in the Canadian dollar (from good jobs numbers in November) putting pressure on the forwards.

## Canadian delivered soymeal prices opened lower this morning.

The fundamentals haven't changed substantively, but the market continues to see support. There are thoughts that with equity uncertainty and underperforming bonds, investors need to invest somewhere, so, why not commodities? At least one analytics firm holds this view which would partially explain the recent support seen in beans. EPA mandate was only raised slightly last week and while export shipments were good, sales underperformed. The picture remains fundamentally murky so a situation seeing new money injections due to a new month and/or new investors would help to explain early support this week, although S. American weather did not cooperate over the weekend either.

**US corn futures opened lower this morning.** Unlike beans, US corn has not been able to attract buyers. Support last week was thought to have stemmed in part from short covering (which adds support to the market when traders buy back positions at exit). South American weather could lend some underlying support, but the situation is not nearly bad enough to rationalize a larger weather premium than is currently seen considering very large (current) global and US supplies. However, there is talk the La Nina event is starting to intensify and if the pattern holds, drier summers in S. America are expected under strong La Nina events.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		140.62 151.94	152.51 155.55	154.63 162.34	162.09 162.21	165.86 178.26	176.13 187.84	178.67 183.51	176.13 182.07	153.48 167.52	150.99 154.75
Soymeal Wpg Delivered.	459	463	463	467	471	471					

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**Thursday, December 14**  
**Keystone Centre - Brandon, MB**  
**10:00 AM to 4:30 PM**

**Exhibitor Booths**  
**Luncheon (\$12/meal)**  
**Pork Quality Competition**