



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 05, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↑

Corn: ↑ CDN Dollar: ↑

US Slaughter

465,000 Tuesday
438,000 Year Ago

Daily Prices

W. Corn Belt	\$59.35
National	\$65.23
Iowa/S. MN.	\$59.37
Signature 5	\$142.55
HyLife (prev. day)	\$146.13
Britco (prev. day)	\$137.84
TCP/BP2	\$142.55

BoC Rate (Noon) prev. day
\$1.2695 CAD / \$0.7877 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 mixed to higher this morning.

US cash markets came in higher for uncommitted hogs; WCB, ISM and National regions were all higher over the previous day by \$0.58, \$0.57 and \$0.07 USD/cwt., respectively. US packer margins have improved to over \$40 USD and are among the highest going back to January 2017. The pork cut-out was also net higher on the day, led by bellies, butts and hams. Bellies are seeing a resurgence in support and have recovered from the lows in the fall. They are now flirting with a \$150 USD/cwt price which is a level not seen since between June and August of 2017. The particularly volatile profile of bellies combined with a ham value that is 17% lower than year-ago (when the ham primal should be performing very well on Christmas demand) will be something to watch in the near term. Lean hog futures are trading in a two sided and choppy pattern that has been a recent feature of the trade. To highlight this, we can see that relative to last Friday, for example, 2018 Q1 forward contract prices are higher by approximately \$0.50 CAD/cwt while Q2 and Q3 offerings have fallen between \$0.22 and \$2.90 CAD/cwt, pulling the 39+ week average lower over the past two days. As well, a rally of approximately one cent (USD) since last Friday is also pressuring.

Canadian delivered soymeal prices opened higher this morning.

US soybean futures markets are seeing support in recent days as the rain expected in South America came in at less than expectations. As such, there is talk that the weather premium will start to play a more prominent role. Getting moisture now could turn out to be even more important than normal; there is a talk of a strong La Nina event developing that is typically accompanied by drier-than-average summers. While a stronger Canadian dollar has softened the move higher, Canadian meal buyers are facing prices ~\$24 CAD/MT higher (spot) than last week.

US corn futures opened higher this morning. Like beans, there are concerns that the meagre rainfall in South America (currently) will exacerbate issues associated with a La Nina event further out (particularly in Argentina). And while S. American weather is lending underlying support, not to mention talk of slow producer sales in the region, disappointing US exports have limited the upside. Net sales of corn came in at only 599,200 MT for the week ending November 23 representing a 45% drop from previous week and a 54% decrease relative to the prior four-week average.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		143.02 154.32	154.89 157.92	156.51 164.20	164.07 164.19	166.74 179.13	177.00 188.70	179.33 184.17	176.59 182.53	153.47 167.52	150.98 154.75
Soymeal Wpg Delivered.	469	471	475	475	478	478					

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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