



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 06, 2017

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

www.hamsmarketing.ca

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

US Slaughter

466,000 Wednesday
441,000 Year Ago

Daily Prices

W. Corn Belt	\$59.71
National	\$66.18
Iowa/S. MN.	\$59.80
Signature 5	\$143.86
HyLife (prev. day)	\$147.86
Britco (prev. day)	\$138.68
TCP/BP2	\$143.86

BoC Rate (Noon) prev. day
\$1.2680 CAD / \$0.7886 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 this morning. For the second session in a row this week all reporting regions were higher; National reporting region led at \$0.95 USD/cwt higher than the previous day while ISM and WCB came in at \$0.43 and \$0.36 USD/cwt higher, respectively. Ongoing strong demand is the main reason for the strength and with packers profitable in the neighbourhood of \$40 USD, there is room to secure weekly supply schedules with competitive bids. A strong US economy (3.3% Q3 (2017) economic growth and a 4.4% unemployment rate) and exceptional export demand from Mexico and South Korea are main factors. There is also talk that the USDA pegs exports for 2018 to come in net-higher by 6%. However, cash market strength and demand optimism did not transfer into the futures trade. Yesterday, lean hog futures were down by almost a full percent on profit taking and some talk of supply uncertainty. An unnamed Midwestern packing plant was installing equipment last week which backed up some animals in the region. In developing news, the Canadian dollar sharply dropped a half cent on news the Bank of Canada will maintain its overnight rate at 1% (reflecting no change from last announcement) which is seen as bearish for the CAD.

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading mixed on thoughts that the market is pricing in a more aggressive weather premium citing a lack of rain in South America. While there are some showers forecast if the rainfall is as meagre as it was last week-end, the market may move higher once again. Although there have been some corrections, US soybean futures have traded in an upward trend since November 14 and are now at the upper end of the range that was established in August. Next week's WASDE report will be released on the 12th and South America will likely be closely watched.

US corn futures opened lower this morning. Unlike beans, US corn is maintaining its position amid the lows of the range established in September after probing new lows last week. Ample global and domestic supplies continue to pressure not to mention a fund position that remains net short. Now, if the funds decide to liquidate or exit in large blocks, some support could return. However, it is difficult to rationalize the move given the current fundamental situation. South American weather may limit further downward pressure, but it is currently not enough to turn the momentum upward.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		141.77 153.15	153.73 156.79	155.64 163.39	162.70 162.82	166.64 179.07	176.94 188.69	179.24 184.08	177.00 182.94	154.08 168.13	151.99 155.77
Soymeal Wpg Delivered.	470	472	476	476	479	479					

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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