



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 08, 2017

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

www.hamsmarketing.ca

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

US Slaughter

464,000 Thursday
431,000 Year Ago

Daily Prices

W. Corn Belt \$58.26
National \$66.90
Iowa/S. MN. \$58.35
Signature 5 \$144.83
HyLife (prev. day) \$150.20
Britco (prev. day) \$137.06
TCP/BP2 \$144.83

BoC Rate (Noon) prev. day
\$1.2843 CAD / \$0.7786 USD

Cash Prices Week Ending December 09, 2017

Signature 3 137.99/62.59
Signature 4 149.20/67.68
Signature 5 143.60/65.14
h@ms Cash 142.10/64.46
HyLife n/a
Britco 137.20/62.23
TCP/BP2 141.94/64.38

Year-to-Date Top-Up Estimate

\$4.05/ckg (call for details)

ISO Weans \$55.51 US Avg.
Feeder Pigs \$66.83 US Avg.

Forward contract prices opened mixed this morning. US cash markets will finish off the week mixed across reporting regions with ISM and WCB down by a little over \$1 USD while the National region is up by \$0.56 USD/cwt. Softening packer bidding ahead of the holidays and a lower cut-out are pressuring; for the first time in a while, bellies came in lower on the day and have backed off the \$150 USD/cwt level they were approaching earlier in the week. Sustained demand is supportive and this week, US packers slaughtered 464,000 hogs on average per day reflecting a 'new normal' under current packer conditions. Lean hog futures are trading higher following three sessions of losses. There was talk of some supply uncertainty earlier this week that added to the pressure (due, in part, to a potential back up of hogs that may need to be marketed later), but the market is still contextualizing strong demand signals for the time being. In other news, the Canadian dollar is finding some stability near the mid-77 cent (USD) level after falling from almost 79 cents (USD) this week. The move lower follows the announcement from the Bank of Canada that the overnight interest rate would be left unchanged – a bearish announcement for the CAD. The current rate stands in contrast to the boost it saw on December 1st following a positive Canadian jobs report, but the lower value has softened some of the recent weakness in lean hog futures and its impacts on forward contract values.

Canadian delivered soymeal prices opened lower this morning. The December WASDE report will be released next Tuesday and there is talk that the funds and other investors are repositioning and/or liquidating ahead of the report. This appears to be taking form as the fundamentals have not substantively changed and the US soybean futures market is lower for the third session this week. Argentine weather, in particular, was supportive earlier in the week but those fears have yet to be realized and production estimates ahead of the WASDE report are only slightly lower than last month.

US corn futures opened higher this morning. US corn futures are finding some support to finish off the week after three straight sessions of losses and a bearish tone since Monday. The bearish tone still hasn't been completely shaken off, and US corn futures are in no position to rally per se, but they are finding support amid the lows. With meagre export numbers and farmers holding supply while prices are low, the support is thought to be a function of short covering and pre-WASDE repositioning.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		137.32 148.79	149.37 152.45	152.15 159.96	159.78 159.89	165.56 178.13	175.98 187.86	178.95 183.85	177.79 183.80	154.44 168.66	151.82 155.63
Soymeal Wpg Delivered.	462	464	470	470	473	473					

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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