



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 12, 2017

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

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

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

## US Slaughter

464,000 Monday  
442,000 Year Ago

## Daily Prices

W. Corn Belt	\$58.81
National	\$66.22
Iowa/S. MN.	\$58.81
Signature 5	\$144.83
HyLife (prev. day)	\$149.97
Britco (prev. day)	\$138.25
TCP/BP2	\$144.83

**BoC Rate (Noon) prev. day**  
\$1.2854 CAD / \$0.7780 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	148.64/67.42
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 \$57.07 US Avg.  
Feeder Pigs \$68.84 US Avg.

**Forward contract prices opened lower this morning.** US cash markets traded lower to start the week as packers saw pressure on their operating margins coming from a sharp decline in wholesale pork prices. Bellies, hams and picnics all dropped more than \$2.00/cwt, resulting in a drop in the cut-out value of the same amount. This recent decline in pork prices will likely put pressure on cash prices (if the weaker trend continues) as packers have been effective at maintaining very good operating margins for the last few months, even with the introduction of two new plants early in the fall. Lean hog futures have been on a weaker trend for the last seven trading days and seeing influence from recent cash prices and bearish technical indicators. However, there has not been a major change to the market fundamentals for 2018 in the last two weeks and producers looking to secure very profitable production should set or maintain targets for the May – August timeframe at an average of \$185 CAD/ckg for a third of their intended production at this time.

**Canadian delivered soymeal prices opened lower this morning.** Slight reductions in production from Argentina may be revealed in today's WASDE report, but the consensus is that it won't do much to offer substantial support to a market that is presently well supplied. It is currently estimated that two thirds of Brazil's crop is experiencing favourable growing conditions and that production estimates could be headed higher for the country. Recall that last month, the November WASDE report showed Argentina was expected to produce 57 MMT, Brazil 108 MMT and the US was pegged to see ending stocks come in at 425 million bu., the third highest value going back to 2010. The WASDE report has surprised in the last four months, however, and while supply looks relatively stable in the short to mid term, adjustments to demand could change the outlook.

**US corn futures opened lower this morning.** Despite surprises in the most recent WASDE reports on release day going back to the summer, the trade is nevertheless expecting to see numbers in today's report that confirms a well supplied market in the short-to-mid term. Estimates ahead of the report suggest over 2.5 billion bu. in ending stocks could be reached which would be the highest going back to 2010. If true, it won't do much to reinvigorate at trade that has been residing amid the lows and trading in a tight \$0.10 USD/bu. trading range since mid-November (\$3.36 to \$3.46 USD). This stands in sharp contrast to a market that was trading as high as \$4.18 USD/bu. in July (December contract). The WASDE report will be released at 11:00 AM (Central).

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		137.98 146.45	147.03 150.11	151.21 159.03	158.78 158.90	161.91 177.85	175.70 187.59	178.55 183.45	177.98 183.98	1554.37 168.58	152.09 155.90
Soymeal Wpg Delivered.	451	454	460	460	463	463					

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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**