



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 13, 2017

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

www.hamsmarketing.ca

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

US Slaughter

468,000 Tuesday
441,000 Year Ago

Daily Prices

W. Corn Belt \$57.62
National \$66.22
Iowa/S. MN. \$57.68
Signature 5 \$143.62
HyLife (prev. day) \$150.76
Britco (prev. day) \$135.78
TCP/BP2 \$143.62

BoC Rate (Noon) prev. day
\$1.2871 CAD / \$0.7769 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 were down nearly \$1.00 USD/cwt in yesterday's trade even as US packers likely hit their largest single day slaughter that was estimated at 468,000 hogs. Wholesale pork prices were generally higher yesterday with the exception of the belly primal which lost nearly 10% of its value and took the carcass cut-out slightly lower. Recently, pork features at the retail level has been down from year ago levels by about 12% which could impact wholesale prices if product starts backing up in the largest production weeks of the year. Lean hog futures opened near steady relative to yesterday's close this morning, but after the last two days of weakness, summer month contracts are down more than \$2.50 USD/cwt from a high that was put in two weeks ago. 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 one third of their intended production.

Canadian delivered soymeal prices opened lower this morning. US soybean futures markets had a muted reaction to yesterday's WASDE report that estimated ending stocks to be modestly higher than pre-report expectations. The USDA adjustments also came in within the range of expectations and not too far from the average. Argentine and Brazil production estimates remained unchanged from November's report (57 MMT and 108 MMT, respectively) when modest declines in Argentina were expected. Apparently, the USDA doesn't think the current (on again/off again, or La Nina) weather concerns are enough to impact S. American production yet. For the USA, no changes to supply and a 20 million bu. adjustment higher to ending stocks materialized. The net result was a decrease in Canadian meal prices by only \$1 CAD/MT relative to Tuesday's opening price.

US corn futures opened higher this morning. US corn futures immediately traded higher after the release of yesterday's WASDE report that showed ending stocks lower than pre-report expectations. Recent increases in ethanol usage impacted the demand side of the balance sheet raising demand by 50 million bu. and decreasing the ending stocks number by the same amount relative to the November report. The strength did not last long, however. By the afternoon trade, the market had turned lower and one analyst suggested that the lowered ending stocks estimate really isn't enough to matter as there are thoughts future reports will show increases because of lowering export expectations. In sum, no adjustments were made to supply side metrics and ending stocks were 'lowered' to 2.437 billion bu. which still represents a well supplied market.

| Fixed Forward Range (at opening) | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep | Oct |
|----------------------------------|-----|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5 | | 137.06 145.52 | 146.10 149.18 | 149.99 157.79 | 157.33 157.45 | 160.68 176.57 | 174.42 186.27 | 177.84 182.74 | 177.49 183.50 | 153.80 168.02 | 151.15 154.96 |
| Soymeal Wpg Delivered. | 450 | 453 | 459 | 459 | 462 | 462 | | | | | |

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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