



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 14, 2017

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

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

Hog Prices: ↑ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

## US Slaughter

468,000 Wednesday

441,000 Year Ago

## Daily Prices

W. Corn Belt \$56.66

National \$66.24

Iowa/S. MN. \$57.73

Signature 5 \$142.29

HyLife (prev. day) \$150.05

Britco (prev. day) \$133.34

TCP/BP2 \$142.29

BoC Rate (Noon) prev. day

\$1.2852 CAD / \$0.7781 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 mostly higher this morning.

US negotiated cash markets were down another \$1.00 USD/cwt in yesterday's trade, establishing a consistent trend for this week. Wholesale pork prices were sharply lower in yesterday's trade, dropping more than \$4.00/cwt with declines in almost every primal cut. Most concerning were the declines in hams and bellies which were down nearly 12% of their value in yesterday's trade that together, represent 40% of the carcass value. Packers are still benefitting from profitable operating margins, but the recent declines in wholesale pork prices could bring about a shift in buying strategies as packers consider the implication of growing pork inventory on prices. Lean hog futures are trading lower this morning, due in part to the declines in hams and bellies, but some recent softness in the Canadian dollar has offset some of the impact that lower futures values have on forward contract prices. Producers looking to secure very profitable production should set or maintain targets for the May – August timeframe at an average of \$185 CAD/kg for one third of their intended production.

## Canadian delivered soymeal prices opened lower this morning.

With the last WASDE report of the year now in the rear-view mirror, choppiness has once again returned to the trade. The overall fundamental picture has not changed much as highlighted in Tuesday's WADE report. However, talk of short covering and ideas that US beans 'should be' more competitive than Brazilian variants are making the rounds while Argentina has no new crop supply at this time which added support yesterday. Today, the trade moved lower following export numbers for week ending December 7<sup>th</sup> coming in at 1.452 MMT compared to pre-report estimates that were between 1.4 and 2.0 MMT (and 2.015 MMT last week). While not particularly bearish, a middle-of-the-road number isn't really bullish either considering improving weather outlooks in S. America this week.

**US corn futures opened higher this morning.** Like beans, short covering supported the trade yesterday along with the residual impacts of ideas that the ethanol sector is alive and well. In fact, 7.623 million gallons were produced according to most recent data available which was only 1.7% lower than the previous record setting week (7.756 million gallons, last week). Increased ethanol usage also influenced WASDE report ending stocks estimates lower, but it appears as if optimism in ethanol usage in particular is more of a market support than the 50 million bu. adjustment lower in the WASDE report. Export numbers are also generally middle-of-the-road compared to pre-report estimates and came in at 866,900 MT.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		137.52 145.97	146.54 149.62	151.01 158.81	158.67 158.78	161.33 177.23	175.08 186.95	177.77 182.67	176.78 182.78	154.26 168.46	151.44 155.24
Soymeal Wpg Delivered.	448	451	457	457	460	460					

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.



**Thursday, December 14**  
**Keystone Centre - Brandon, MB**  
**10:00 AM to 4:30 PM**

**Exhibitor Booths**  
**Luncheon (\$12/meal)**  
**Pork Quality Competition**