



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 15, 2017

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

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

Hog Prices: ↑↓ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

## US Slaughter

466,000 Thursday  
440,000 Year Ago

## Daily Prices

W. Corn Belt \$56.24  
National \$66.09  
Iowa/S. MN. \$56.37

Signature 5 \$141.11  
HyLife (prev. day) \$149.49  
Britco (prev. day) \$132.01  
TCP/BP2 \$141.11

BoC Rate (Noon) prev. day  
\$1.2805 CAD / \$0.7809 USD

## Cash Prices Week Ending December 16, 2017

Signature 3 135.88/61.63  
Signature 4 151.37/68.66  
Signature 5 143.62/65.15  
h@ms Cash 142.12/64.47  
HyLife n/a  
Britco 138.32/62.74  
TCP/BP2 143.60/65.14

## 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 mixed this morning.** US cash markets are finishing the week lower with abundant hog supplies and downward pressure coming from wholesale pork values. This week's slaughter is expected to be one of the largest on record (near 2.55 million hogs) assuming this weekend's slaughter exceeds 230,000 hogs. Despite the recent downturn in wholesale pork prices, particularly hams and bellies, packers are motivated to maximize their production capacity as gross operating margins are still very good at more than \$40 per hog. The fresh primal cuts that are destined for further processing have declined recently as there is not the lead-time required to meet the holiday demand. Lean hog futures have experienced influence from the weaker cash market this week, but spring and summer contracts are likely to find support at these levels; longer term demand indicators look favorable and packer competition for the hogs should be strong at that time. Producers that have not yet taken protection should set or maintain target prices in place for the May-August timeframe at \$185 CAD/kg for a third of their intended production.

## Canadian delivered soymeal prices opened lower this morning.

Canadian meal buyers will notice a drop in the price of soymeal following from double-digit losses in the bean trade yesterday that spilled over into meal. While beans have somewhat recovered, the meal market was under pressure in the early morning trade. Potential factors (for bean support this morning) include ideas that the downward trajectory has simply found the bottom for now. As well, NOPA crush data will be released later today and most analysts think numbers will come in ~1.5% higher than last year and beat the record pace in 2014. On the pressure side are ideas Argentine weather is poised to improve and rumors that a \$1 biodiesel tax could be on the US agenda in the new year. Returned strength in the Canadian dollar overnight (albeit backing off currently) is also pressuring Canadian meal this morning.

**US corn futures opened higher this morning.** US corn futures are trading higher this morning, but context is important. The corn trade has been lingering amid the lows since September and the recent range established in mid-November has been trading in a tight 10-cent pattern. This morning's support is likely a function of short covering as fundamentals indicate a well supplied market and there has been no fundamental news to change that view; yesterday's lacklustre export sales report has also not done anything for the bull traders and more cooperative S. American weather is also keeping upside potential in check. So while US corn futures are in fact trading higher this morning, they have merely moved off the lows of the recently established range, potentially defining a bottom as resistance levels have not yet been breached.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		138.56 149.97	147.55 150.62	151.58 159.35	159.29 159.41	160.79 176.65	174.60 186.33	177.69 182.57	176.77 182.75	154.16 168.32	151.10 154.88
Soymeal Wpg Delivered.	442	445	451	451	454	454					

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Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
Closed	Monday December 25	Closed
Closed	Tuesday, December 26	Closed
Closed	Monday, January 1	Closed

**Special Note - Winnipeg Livestock will be closed all week from December 25 to January 1, inclusive**