



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 19, 2017

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

www.hamsmarketing.ca

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

US Slaughter

467,000 Monday
435,000 Year Ago

Daily Prices

W. Corn Belt \$55.41
National \$64.22
Iowa/S. MN. \$55.49
Signature 5 \$138.66
HyLife (prev. day) \$145.06
Britco (prev. day) \$130.56
TCP/BP2 \$138.66

BoC Rate (Noon) prev. day
\$1.2865 CAD / \$0.7773 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 149.43/67.78
Britco 138.32/62.74
TCP/BP2 143.60/65.14

Year-to-Date Top-Up Estimate

\$4.12/ckg (call for details)

ISO Weans \$63.23 US Avg.
Feeder Pigs \$73.37 US Avg.

Forward contract prices opened lower this morning. US cash markets traded lower to start the week with both producers and packers motivated to maximize their production ahead of next week's holiday-reduced slaughter schedule. Bids were down about \$0.50 USD/cwt to start the week, but are likely to sink lower amid record large supplies and weaker wholesale pork prices. This week's slaughter is expected to exceed 2.58 million hogs which would be approximately 1.5% larger than the same week in 2016. Wholesale pork prices have come under pressure, dropping more than \$5.00/cwt over the last week, with almost all of the weakness coming from hams and bellies. Lean hog futures are seeing increased volatility over the last several weeks suggesting that there are diverging opinions on the market direction over the next several months. Downside risks include larger hog supplies and sluggish exports while on the other hand, domestic pork demand and increased packer competition could make positive contributions to the price trend.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures have moved consistently lower session over session since December 5 (January contract), but are finding some support this morning. This morning's move higher could be the reaffirmation of a bottom that has been previously established in October and November, but there is little to push the market substantially higher at this time. Argentina is looking forward to timely scattered showers that should help crop development and there is talk the Brazil crop could get bigger (on more acreage) which is adding to the bearish tone. While the weather in Argentina has been less than ideal, crop production from the region has yet to be revised.

US corn futures opened higher this morning. Like beans, US corn futures have found some support near the lows established in mid-November. The interesting thing to note is that today's turn higher is found below the previous support level suggesting there is still a large bearish tone in the marketplace. There is some news surfacing this morning that 'extra' acreage in Brazil could come at the expense of corn acreage but on the other hand, that Mexico is leaning more toward Brazil and Argentina as corn suppliers (as opposed to the USA who is currently Mexico's #1 supplier, not to mention the US's largest corn customer). There are also rumors the funds are positioning for some short covering ahead of the holiday suggesting some more volatility could be on the way.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		144.88 146.97	147.55 150.64	151.38 159.20	159.00 159.12	161.20 177.16	175.00 186.90	178.57 183.48	177.46 183.48	154.93 169.19	152.23 156.05
Soymeal Wpg Delivered.	441	444	450	450	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 - Risk Management will be closed one hour early (at 11:30AM) on Friday, December 22		