



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 21, 2017

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

www.hamsmarketing.ca

Hog Prices: ↑ Soymeal: ↓

Corn: ↑ CDN Dollar: ↑

US Slaughter

467,000 Wednesday
449,000 Year Ago

Daily Prices

W. Corn Belt \$55.63
National \$64.00
Iowa/S. MN. \$55.50

Signature 5 \$138.42
HyLife (prev. day) \$145.16
Britco (prev. day) \$130.35
TCP/BP2 \$138.42

BoC Rate (Noon) prev. day
\$1.2842 CAD / \$0.7787 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 higher this morning. US cash markets found some modest support in the mid-week trade with regional, negotiated prices up \$0.20 -\$0.35 USD/cwt. Packers are on pace this week for another record large slaughter which could come close to 2.6 million hogs. Tomorrow, the USDA will release the latest Hogs and Pigs report survey results which provide the best measure of animal inventory. A survey of analysts compiled by Urner Barry was published earlier in the week and suggests that the market has some varying opinions on the degree of growth in the herd. The average of estimate of surveyed respondents pegged the growth of the breeding herd and market animals at 1% and 2% respectively. These estimates are close to what the market hog inventory has been running at over the last several weeks, but there is some debate about whether US producers are on the verge of another step up in production. Lean hog futures continue to see increased volatility with most of the 2018 contracts gaining more than \$1.00 USD/cwt in yesterday's trade. Early morning trade today is adding to the recent support, but most contracts are still down from contract highs set three weeks ago.

Reminder to producers that forward contracting will be closed at 11:30 AM, Central time - one hour early - tomorrow, Friday, December 22

Canadian delivered soymeal prices opened lower this morning.

Decent export sales numbers haven't been enough to shake off the bearish tone in the marketplace ahead of the Christmas break. Net sales came in at 1.742 MMT representing a 20% increase from the previous week and 34% above the 4-week moving average. China continues to dominate the purchasing coming in with 1.5 MMT of the volume. This also represents the 11th week in a row that weekly bean exports have been above the 1 MMT mark. However, the market is expecting this disappearance rate so while it seems counterintuitive to be facing a bearish market in the wake of the export news, it is entirely rational given the context.

US corn futures opened higher this morning.

US corn, while trading amid the lows, got some 'more' support from export sales that showed an 80% increase in volume over the previous week for the week ending December 14. Like beans, one market dominates the demand, but unlike beans, the dominant market is Mexico instead of China. While there is some evidence suggesting Mexico is looking for other trading partners in an effort to diversify their corn supply (specifically, Brazil and/or Argentina), the region is still buying heavy volumes of corn from the USA despite the prickly trade relationship that continues to unfold. Mexico is currently the #1 destination for US corn at the same time that the US is Mexico's #1 supplier.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		146.04 148.11	148.68 151.73	152.49 160.22	160.16 160.27	161.58 177.35	175.22 186.98	178.82 183.68	177.83 183.80	154.75 168.85	153.20 157.01
	437	440	446	446	450	450					

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.

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		