



Hog Margin Outlook

Meeting Your Marketing Needs

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Friday, December 22, 2017

~ Merry Christmas from h@ms Marketing Services ~ All the best to you and your families in 2018! ~

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

US Slaughter	
466,000	Thursday
411,000	Year Ago
Daily Prices	
W. Corn Belt	\$55.04
National	\$63.55
Iowa/S. MN.	\$55.15
Signature 5	\$136.06
HyLife (prev. day)	\$143.64
Britco (prev. day)	\$128.44
TCP/BP2	\$136.06
BoC Rate (Noon) prev. day \$1.2734 CAD / \$0.7853 USD	
Cash Prices Week Ending December 23, 2017	
Signature 3	130.60/59.24
Signature 4	146.48/66.44
Signature 5	138.54/62.84
h@ms Cash	137.04/62.16
HyLife	n/a
Britco	134.34/60.94
TCP/BP2	143.62/65.15
Year-to-Date Top-Up Estimate	
\$4.20/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 have held steady this week as packers complete what is likely to be the largest US weekly hog slaughter on record, estimated at nearly 2.6 million hogs. Despite further weakness in the ham and belly primal cuts, the pork carcass cut-out maintained its value and continues to be supportive to packer bids. The 4th Quarter USDA Hogs and Pigs report is set to be released this afternoon with expectations of the 'Market Hog' category growing 2% over last year while the 'Kept for Breeding' category is expected to show a 1% increase according to a survey of analysts completed by Urner Barry. If the report shows a discrepancy from these numbers by more than 1%, market reaction could be significant in the light trading volumes that are typical on Boxing Day when US markets are open. Producers that are concerned about a larger than expected herd, should consider pricing a portion of the spring/summer timeframe this morning in advance of the report's release.

Reminder to producers that forward contracting will be closed at 11:30 AM (Central time) today due to an early close at the exchange.

Canadian delivered soymeal prices opened lower this morning. US competitiveness could drop if currency issues in Brazil lowers the price of beans on the global market. However, the side-effect of the (expected) currency weakness has been that some farmers are reluctant to sell until a bottom is reached. There is speculation on constrained supply from Brazil despite cheaper product, and some support in the US bean complex this morning to finish the week after six sessions of losses and a lowering trend over the past two weeks. Today's volumes are expected to be somewhat lighter on the last trading day before the Christmas break although there are thoughts that some of the funds are still exiting short positions which would also be a factor in the strength seen this morning.

US corn futures opened higher this morning. Follow-through buying on positive demand (export) data released yesterday continues to support the market this morning. If the trend continues, it will represent the third session in a row that the nearby contract has closed higher this month. Like beans, there are thoughts the funds could be exiting shorts ahead of the holidays, but volumes are expected to be relatively light and an early close at the exchange for some commodities means it is not entirely business as usual.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		147.71 149.78	150.35 153.41	153.87 161.62	161.58 161.69	162.96 178.77	176.63 188.42	179.33 184.18	178.23 184.18	155.06 169.14	152.60 156.38
	435	438	444	444	448	448					

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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		