

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 04, 2018

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

www.hamsmarketing.ca

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

US Slaughter

462,000	Wednesday
436,000	Year Ago

Daily Prices

W. Corn Belt	\$61.05
National	\$65.16
Iowa/S. MN.	\$61.08
Signature 5	\$142.60
HyLife (prev. day)	\$143.54
Britco (prev. day)	\$140.01
TCP/BP2	\$142.60

BoC Rate (Noon) prev. day
\$1.2533 CAD / \$0.7979 USD

Cash Prices Week Ending December 30, 2017

Signature 3	132.32/60.02
Signature 4	142.69/64.72
Signature 5	137.51/62.37
h@ms Cash	136.01/61.69
HyLife	141.89/64.36
Britco	130.17/59.04
TCP/BP2	138.54/62.84

2017 Top-Up Estimate

\$4.22/ckg (final TBD—call for details)

ISO Weans \$ 67.40 US Avg.

Feeder Pigs \$ 77.19 US Avg.

Forward contract prices opened higher this morning. US cash markets moved sharply higher in yesterday's trade with regional, negotiated prices gaining about \$2.00 USD/cwt. Packers are motivated to fill the shackles and secure the supply of hogs that are not already committed to a program. While there is still some question regarding how the wholesale pork markets will perform in the post-holiday period, estimated operating margins are still trending above average for this time of year, near \$37 USD/hog. Lean hog futures benefitted from the cash market support seen in yesterday's trade with the June-December contracts closing yesterday's trade at new contract highs. Fixed forward contract prices are averaging nearly \$185 CAD/ckg for the May – August timeframe and represent good profitability amid uncertain demand fundamentals. Producers should start to build a forward position on as much as 1/3 of summer production to mitigate risks to profitability such as trade disruptions and further increases in supply.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are once again trading lower on the pressuring trend that developed at the beginning of December. There was some short-covering providing mild support yesterday, but the market has since returned to the trend lower. Next week (Friday), the USDA will release the quarterly stocks report and January WASDE report. It will be a day traders and analysts will look forward to in the absence of any real fundamental news since the last WASDE report in December. Generally, there are thoughts that production levels and ending stocks numbers will be raised slightly suggesting some further weakness ahead. However, the WASDE reports have surprised all pre-market estimates since last summer.

US corn futures opened lower this morning. Despite some potentially bullish, longer term, fundamental prospects in the corn futures market, US corn futures have backed off from the support yesterday. The cold snap in the USA could see the livestock sector demanding more feed; higher energy prices could influence stronger demand for ethanol; the funds are record net-short; and, the dryness concerns in Argentina could curb global production. However, the global market is currently well supplied and even if Argentina suffered production losses, there are many other growing regions in the world that could pick up the slack (assuming, of course, no problems in those other areas). In the meantime, US corn futures (March) is trading close to the \$3.50 USD/bu. and contract lows.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		152.56 155.56	156.13 163.73	163.59 163.70	164.10 179.61	177.52 189.08	180.15 184.94	177.90 183.76	153.87 167.75	151.13 154.84
Soymeal Wpg/S. Man Delivered	421	421	421	429	429	434				

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