

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

US Slaughter

481,000	Thursday
436,000	Year Ago

Daily Prices

W. Corn Belt	\$62.94
National	\$65.52
Iowa/S. MN.	\$63.41
Signature 5	\$144.96
HyLife (prev. day)	\$144.52
Britco (prev. day)	\$145.14
TCP/BP2	\$144.96

BoC Rate (Noon) prev. day
\$1.2515 CAD / \$0.7990 USD

Cash Prices Week Ending January 06, 2018

Signature 3	138.24/62.71
Signature 4	143.59/65.13
Signature 5	140.91/63.92
h@ms Cash	139.41/63.24
HyLife	n/a
Britco	132.25/59.99
TCP/BP2	137.51/62.37

2017 Top-Up Estimate

\$4.22/ckg (call for details)

ISO Weans \$ 67.40 US Avg.

Feeder Pigs \$ 77.19 US Avg.

Forward contract prices opened lower this morning. US cash markets made solid gains for the second day in a row even as a sharp drop in hog slaughter occurred Thursday, possibly due to weather. The east coast storm has likely disrupted normal operations over the last two days which would help explain why the US daily slaughter was down to 418,000 hogs yesterday. Packer bids have made the largest gains in the last two days than they have in months, but the gains were not supported by the wholesale pork market which experienced slight declines. Lean hog futures broke into new contract highs again in yesterday's trade and closed near those upper levels. The recent gains represent a breakthrough in technical indicators as the summer month contracts have clearly broke through heavy selling resistance that could result in another move higher. Producers should consider starting to build a hedge position for the summer month contracts, but the fall 2018 contracts remain at a larger than average discount when compared to historical spreads.

Canadian delivered soymeal prices opened higher this morning. The fundamentals remain in tact as the market looks forward to next week when the Quarterly Grain Stocks and WASDE reports will be released next Friday. South American weather is mixed with Argentina a bit dry but Brazil facing mostly favourable growing conditions at present. In other news, the Canadian dollar rallied in the morning session on better-than-expected jobs data in Canada and a lower-than-expected unemployment rate (poor US jobs data has exacerbated the move). The news is also seen as increasing the likelihood of a rate hike by the Bank of Canada on January 17th – also a sign of a strengthening economic outlook.

US corn futures opened mixed this morning. Weekly ethanol production dropped 5.3% to the lowest production numbers since mid-October. A production drop over the holidays is not surprising - a drop to levels not seen in months is. All told, corn used in ethanol dropped by 5.3% (also) while ethanol stocks rose 2.67% on the week or 21% compared to last year at this time. There is talk that managed money is waiting to exit short positions (i.e. buy back at lows for a profit), but they have yet to do so in large blocks. The market could be closer to that event now, however, and perhaps even closer on Friday, January 12th when the grain stocks and WASDE reports are released.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		151.50 154.47	155.54 163.08	162.88 162.99	162.59 177.95	175.87 187.32	177.66 182.39	175.37 181.16	151.93 165.63	149.60 153.28
Soymeal Wpg/S. Man Delivered	425	425	425	433	433	437				

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