



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 08, 2018

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

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

Forward contract prices opened higher this morning. US cash prices are expected to trade near steady to start the week following last week's \$6.00 USD/cwt gain, or 10% of the value of the Midwest's negotiated cash prices. The strength in packer bids was unforeseen and unsupported by the wholesale pork prices as the value of the cut-out gained only about \$1.50/cwt over the same timeframe. Pork production over the next few months is expected to exceed year-ago levels by approximately 3% which could put downward pressure on prices without an expansion in pork exports. The recent trend has shown limited growth in pork exports which makes the next set of numbers highly anticipated by the market, and it could have an impact on lean hog futures when they are released later today. However, lean hog futures are starting this morning with solid gains across the board (and new contract highs) from April to August. However, a strong Canadian Dollar is moderating the gains in forward contract prices with the last 3 weeks showing a 250 basis point gain in the value of the currency.

Canadian delivered soymeal prices opened even this morning. US soybean futures are trading higher on what is thought to some positioning adjustment ahead of Friday's USDA reports. Trading is light relatively speaking and there are no real fundamental changes to speak of this morning. However, South American weather is being closely watched; areas of Argentina are a bit dry and the trade will be looking for adjustments to production estimates on Friday. Brazil, on the other hand, has had largely favourable conditions and the northern regions are starting to harvest. It is estimated that Brazil could produce 110 MMT this year, the second highest on record.

US corn futures opened lower this morning. US corn futures are trading lower amid good supply and demand numbers that are a bit behind the pace estimated by the USDA. Ending stocks are hovering around 2.5 billion bu. (2.437 billion to be more precise - December estimate) and if demand doesn't pick up, continually large ending stocks could weigh on the trade. That appears to be a likely scenario, for January at least, as demand pace is currently at 55% of the USDA estimate compared to the 58% normally seen at this time of year. Friday's WASDE numbers are unlikely to move the needle by much, but the WASDE is also known for publishing surprises.

US Slaughter	
2.151 mil.	Last Week
2.087 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$64.86
National	\$66.11
Iowa/S. MN.	\$64.96
Signature 5	\$146.50
HyLife (prev. day)	\$145.61
Britco (prev. day)	\$147.35
TCP/BP2	\$146.50
BoC Rate (Noon) prev. day	
\$1.2403 CAD / \$.8062 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	143.68/65.17
Britco	132.25/59.99
TCP/BP2	137.51/62.37
2017 Top-Up Estimate	
\$4.22/ckg (call for details)	
ISO Weans	\$ 69.74 US Avg.
Feeder Pigs	\$ 77.56 US Avg.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		158.47 158.80	158.58 166.14	165.83 165.94	164.71 180.11	178.03 189.51	179.69 184.42	177.16 182.97	153.44 167.18	151.03 154.71
Soymeal Wpg/S. Man Delivered	425	425	425	433	433	437				

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Risk Management will be closed Monday, January 15 for Martin Luther King Day in the USA.
The HMO and Opening Price reports will likewise not be published.
The main office will remain open - normal business resumes on Tuesday, January 16.