



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 11, 2018

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

## US Slaughter

466,000 Wednesday  
437,000 Year Ago

## Daily Prices

W. Corn Belt \$69.78  
National \$68.56  
Iowa/S. MN. \$69.78

Signature 5 \$155.95  
HyLife (prev. day) \$150.27  
Britco (prev. day) \$159.47  
TCP/BP2 \$155.95

BoC Rate (Noon) prev. day  
\$1.2496 CAD / \$0.8003 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.

**Forward contract prices opened mixed this morning.** US cash markets gained another \$2.00 USD/cwt in yesterday's trade, adding more than USD \$10/cwt or 17% so far in 2018. It appears as though some packers have significantly changed their buying program corresponding to the new calendar year and are taking a more aggressive approach buying hogs as opposed to one based on protecting their operating margins. Over the same timeframe, estimated packer margins have been cut in half, moving from \$42 to \$21 US per processed hog with all of the change coming from the price paid for live hogs. Concern over trade, particularly with Mexico and Canada while in NAFTA negotiations, will likely continue to influence lean hog futures for several weeks by slowing the gains seen in the spring and summer timeframe. Yesterday, both lean hog futures and the Canadian Dollar fell sharply on new reports suggesting the possibility of a deal on NAFTA was reduced.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading higher this morning, but not on any fundamental change. In fact, the fundamental picture, if anything, is a bit more bearish than it was yesterday. Exports came in within the relatively lowered expectations (and 47% lower than the 4-week average) which was disappointing to the market. South American weather for the weekend is estimated to see showers cover 78-85% of the growing area which is also negative for the trade. As such, there are thoughts this morning's action is a function of pre-report(s) positioning ahead of Friday that will see the Grain Stocks report and the WASDE report both released mid-trade.

**US corn futures opened higher this morning.** While exports came in higher than last week, they were still 50+% lower than the 4-week pace suggesting the current export story will not revive the US corn market in the short term. Tomorrow's USDA reports are eagerly awaited by the market for fresh news on direction even though the pre-report consensus appears to be that bearish numbers will be released. In other news, the Canadian dollar is showing some weakness amid intensifying rumors that the USA intends to make good on its threat to pull out of the NAFTA agreement although it has recovered somewhat following yesterday's move lower. It is all just speculation for now, but the markets are starting to react which is a new development.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		155.94 156.28	153.95 161.57	161.25 161.36	164.81 178.98	176.88 188.46	179.75 184.54	177.26 183.14	155.89 169.80	152.95 156.67	136.53 147.79	135.52 139.28
Soymeal Wpg/S. Man Delivered	423	423	423	432	432	436						

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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.