



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 12, 2018

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

www.hamsmarketing.ca

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

US Slaughter

436,000 Wednesday
438,000 Year Ago

Daily Prices

W. Corn Belt \$70.11
National \$69.60
Iowa/S. MN. \$70.57
Signature 5 \$157.97
HyLife (prev. day) \$153.07
Britco (prev. day) \$161.78
TCP/BP2 \$157.97

BoC Rate (Noon) prev. day
\$1.2535 CAD / \$0.7978 USD

Cash Prices Week Ending January 13, 2018

Signature 3 154.62/70.14
Signature 4 150.03/68.05
Signature 5 152.33/69.10
h@ms Cash 150.83/68.42
HyLife n/a
Britco 142.16/64.48
TCP/BP2 140.91/63.92

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 to lower this morning.

US cash markets are finishing the week with firm cash bids, but are capping a period of nearly two weeks where packers added nearly 20% to the price they were paying for live supplies. Wholesale pork prices have been stagnant in comparison and have added about only \$1.50 USD/cwt (or 2%) over the same timeframe. This has left the futures market with mixed fundamentals and is contributing to higher price volatility. Yesterday, most of the lean hog futures contracts experienced losses of nearly \$2.00/cwt as traders became even more concerned about NAFTA negotiations and a potential decrease in the likelihood of a deal being found. With the largest portion of US pork exports going to Mexico, the whole industry is at risk of a significant disruption if a successful renegotiation cannot be reached. Producers that have not yet taken protection on any portion of their spring/summer production should consider covering up to one third of their intended production over the next two weeks in order to mitigate the effects of uncertainty in the US pork trade.

Canadian delivered soymeal prices opened lower this morning.

Canadian meal prices are at some of the lowest spot prices in months, but there could be further downside if the pre-market commentaries become true. The consensus is for a bearish Grains Stocks and WASDE report later today despite the fact the WASDE, in particular, has surprised the market frequently in recent memory. Export numbers also disappointed yesterday and the near-term weather forecast in S. America should be beneficial for crop conditions, adding pressure. Producers, nevertheless, should still be mindful of potential volatility that could follow the release of these two big reports later this morning.

US corn futures opened higher this morning. US corn futures were trading two-sided to finish the session yesterday, but like beans, there are thoughts some more pressure could return to the trade today. Now, the market is expecting some pressure, so it may not 'dive' lower after the release of the reports; in fact, if the numbers do not reflect expectations (higher exports and/or lower ending stocks, for example), the market could see some strength return. Trading is expected to be light until the release of the reports as market participants have largely established their position strategies by this morning.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		154.64 154.98	152.45 160.05	159.84 159.96	162.93 177.08	174.98 186.54	178.15 182.93	176.12 181.98	155.34 169.20	152.73 156.45	136.20 147.45	135.19 138.95
Soymeal Wpg/S. Man Delivered	417	417	417	426	426	430						

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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.