

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 24, 2018

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

www.hamsmarketing.ca

Hog Prices: $\uparrow\downarrow$ Soymeal: \downarrow
Corn: \uparrow CDN Dollar: \uparrow

US Slaughter

453,000	Tuesday
428,000	Year Ago

Daily Prices

W. Corn Belt	\$69.44
National	\$74.18
Iowa/S. MN.	\$69.53
Signature 5	\$161.25
HyLife (prev. day)	\$162.66
Britco (prev. day)	\$158.37
TCP/BP2	\$161.25

BoC Rate (Noon) prev. day
\$1.2454 CAD / \$.8030 USD

Cash Prices Week Ending January 20, 2018

Signature 3	158.73/72.00
Signature 4	159.93/72.54
Signature 5	159.33/72.27
h@ms Cash	157.83/71.59
HyLife	159.94/72.55
Britco	156.89/71.16
TCP/BP2	152.33/69.10

2017 Top-Up

\$4.22/ckg (call for details)

ISO Weans	\$73.03 US Avg.
Feeder Pigs	\$84.99 US Avg.

Forward contract prices opened mixed this morning. US negotiated cash markets maintained their steady trend yesterday while packers are content to ease up on their production flows with the tradeoff of preserving better operating margins. Wholesale pork prices made gains which took the pork carcass cut-out value to its highest level since early December and which is contributing to greater optimism in the futures market. The benchmark price for wholesale pork is trading at a similar level to last year with most primal cuts making positive contributions, except for pork loins which are down about 12% compared to year-ago. Yesterday, Canada reached agreement with the other 10 countries in the Trans-Pacific Partnership which includes Japan and Vietnam. When ratified, the deal will secure preferred market access to several countries which will benefit Canada's pork industry. Lean hog futures are seeing support across all offered contracts, but large gains in the Canadian Dollar (currently trading above 81 cents USD as of this writing) have offset any positive impacts on forward contract prices.

Canadian delivered soymeal prices opened lower this morning. Confidence in the Brazil crop returned yesterday and futures prices rose slower than the previous day. Prices were still higher than the previous session, they were just rising at a slower pace than earlier. The ag press, once again, is writing that Brazil is expected to offset the potential production losses in Argentina. We say 'potential' because crops are still growing, and the USDA has not yet changed production estimates for Argentina which currently sit at 56 MMT. This number will be closely watched in the February WASDE report; a number of private firms have already adjusted estimates lower (in the 52-54 MMT range) and even numbers below 50 MMT have been hinted at elsewhere. Nearby bean futures are modestly lower this morning.

US corn futures opened higher this morning. While US corn futures are indeed trading higher, the 'up one day/ down the next' pattern continues and resistance levels remain largely in tact. The USDA's weekly export report will be released tomorrow morning and may provide some direction in the near term. Support could be maintained on a strong export report following the strong report last week. Regardless, a couple weeks of decent export numbers will likely not be enough to rally the market in any substantive way. However, market watchers are already preparing for news of reduced corn acreage in both hemispheres (on profitability and growing choices) which, if realized, could provide underlying rationale for support in the longer term.

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5			154.05 161.55	161.33 161.44	163.22 177.18	185.11 186.52	178.31 183.02	176.03 181.80	153.49 167.16	151.90 155.58	135.11 146.27	134.11 137.84
Soymeal Wpg/S. Man Delivered	448	448	448	453	453	455						

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STRENGTH IN NUMBERS

