



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 02, 2018

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

www.hamsmarketing.ca

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

US Slaughter

465,000	Thursday
441,000	Year Ago

Daily Prices

W. Corn Belt	\$72.38
National	\$74.02
Iowa/S. MN.	\$72.42
Signature 5	\$162.24
HyLife (prev. day)	\$160.15
Britco (prev. day)	\$162.75
TCP/BP2	\$162.24

BoC Rate (Noon) prev. day
\$1.2288 CAD / \$0.8138 USD

Cash Prices Week Ending February 03, 2018

Signature 3	158.44/71.87
Signature 4	161.82/73.40
Signature 5	160.13/72.63
h@ms Cash	158.63/71.95
HyLife	n/a
Britco	157.34/71.37
TCP/BP2	160.45/72.78

2017 Top-Up

\$4.22/ckg (call for details)

ISO Weans	\$71.26 US Avg.
Feeder Pigs	\$86.29 US Avg.

Forward contract prices opened higher this morning. US cash markets improved by nearly \$1.00 USD/cwt in yesterday's trade with the week's gains totaling about \$3.00/cwt. Packers have been successful at sourcing supplies and maximizing production; this week's slaughter is anticipated to be over 2.4 million which will likely be the largest slaughter so far in 2018. Wholesale pork prices have declined late this week and all the primal cuts moved lower with the exception of pork bellies. Heavy supplies are likely contributing to the weakness, but the price of pork bellies are seeing no negative effects despite supplies being near double what they were at this time last year. Lean hog futures continue in their steady/weak trend, but forward prices are seeing some upward movement due to a weaker Canadian Dollar. Earlier this morning, the latest US jobs data was released and showed robust growth in employment and wages, buoying the US currency compared others. Producers looking to get a base level of price protection on their spring/summer production, should set targets at approximately \$4.00 CAD/kg higher than current forward prices.

Canadian delivered soymeal prices opened higher this morning. US soybean futures continue to retract for the second session in a row and if the trend holds, the bean market will likely erase all of the gains made since the beginning of the week. A number of factors are being cited for the move lower including ideas that managed money has not been as aggressively short covering as earlier and some news coming out of South America suggesting that even if Argentina suffers production losses, better-than-average yields in Brazil (so far with 15-20% harvested in the important Mato Grosso region) could make up for the shortfall. Adding pressure was a relatively weak export sales report yesterday and some cancellations; there are thoughts that Brazil is more competitive than the USA despite the US dollar's relative weakness last week.

US corn futures opened lower this morning. Despite yesterday's positive export sales report yesterday, the news has not been enough to prevent a move lower to finish the week. Other factors, such as thoughts that US corn futures have reached, or are approaching, a near-term top are also at play. The nearby (March) contract closed at \$3.61 USD/bu., the highest level since early November of last year and combined with ideas that the funds are moving to the sidelines for now, the market could have exhausted the recent momentum upward. Next week's WASDE report will be welcome information in a market that needs some fresh news.

Fixed Forward Range (at opening)	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #5		145.58 153.11	152.96 153.07	157.42 171.43	169.36 180.80	172.81 177.53	171.52 177.31	152.32 166.02	150.14 153.82	134.23 145.37	133.22 136.95
Soymeal Wpg/S. Man Delivered	445	445	449	449	453	453					

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STRENGTH IN NUMBERS

