



# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, February 05, 2018

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

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

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

## US Slaughter

2.438 mil. Last Week  
2.327 mil. Year Ago

## Daily Prices

|                    |          |
|--------------------|----------|
| W. Corn Belt       | \$72.97  |
| National           | \$74.57  |
| Iowa/S. MN.        | \$73.07  |
| Signature 5        | \$164.73 |
| HyLife (prev. day) | \$161.27 |
| Britco (prev. day) | \$165.44 |
| TCP/BP2            | \$164.73 |

BoC Rate (Noon) prev. day  
\$1.2380 CAD / \$.8078 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      | 160.17/72.90 |
| Britco      | 157.34/71.37 |
| TCP/BP2     | 160.45/72.78 |

## 2017 Top-Up

\$4.22/ckg (call for details)

ISO Weans \$71.62 US Avg.  
Feeder Pigs \$88.61 US Avg.

**Forward contract prices opened higher this morning.** US cash markets made steady gains in trade last week with the Midwestern regions reporting prices \$4.00 USD/cwt higher than last week representing a gain of 6% in value. Packers were aggressive buyers last week and were able to secure a large weekly slaughter of 2.438 million hogs which was nearly 5% larger than the same week in 2017. However, gross packer operating margins have come under pressure, dipping under \$20 USD per hog for the second time this month and may result in some resistance to higher cash bids. While difficult to measure, the new slaughter plants have helped to narrow the spread between packer bids and wholesale pork prices, resulting in more of the consumer dollar ending up in the farmer's pocket. Lean hog futures are starting this week in a lower trend, but gains experienced late last week returned spring/summer contracts to the middle of their one-month trading range. The Canadian dollar is experiencing weakness this morning due to lower equities and oil, and consequently is making positive contributions to forward contract prices.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are retracing last week's gains and trading lower this morning. Argentina is forecast to see dry weather until Tuesday, but some rainfall covering approximately 67% of the growing region after that will be welcomed by producers. Argentina's soybean crop is estimated to be 99% planted while Brazil has started harvest in the north. One analytics firm pegs the Argentine crop to produce 51 MMT compared to the USDA's 56 MMT. In any case, the consensus is Brazil will makeup for any shortfall from the region this year, potentially limiting global price reactions for beans, although meal will be closely watched; Argentina is the number one exporter of meal in the world.

**US corn futures opened lower this morning.** While trading lower, the US corn trade has yet to move substantially from the highs set earlier last week. The March contract, for example, is still trading near the \$3.60 USD/bu. level compared to a tight range that was reluctant to move past \$3.50 since mid-December the week before last. There is talk the funds have moved to the sidelines for now while they and other market participants wait for the February WASDE report that is scheduled to be released on Thursday. In the meantime, some pre-report estimates are starting to trickle out with a keen eye on Argentina, where one analytics firm suggests 37 MMT will be produced compared to the USDA's (current) 42 MMT.

| Fixed Forward Range (at opening) | Feb | Mar    | Apr              | May              | Jun              | Jul              | Aug              | Sep              | Oct              | Nov              | Dec              |
|----------------------------------|-----|--------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig. #5               |     | 157.49 | 157.34<br>157.45 | 161.15<br>175.26 | 173.17<br>184.69 | 176.67<br>181.44 | 175.19<br>181.03 | 154.99<br>168.81 | 152.39<br>156.09 | 135.64<br>146.85 | 134.63<br>138.37 |
| Soymeal Wpg/S. Man Delivered     | 442 | 442    | 446              | 446              | 450              | 450              |                  |                  |                  |                  |                  |

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HWY #6 AND RD 236

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