

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 17 2018

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

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

US Slaughter	
2.612 mil.	Last Week
2.576 mil.	Year Ago
Daily Prices	
W. Corn Belt	\$46.56
National	\$57.92
Iowa/S. MN.	\$46.61
ML Signature 5	\$125.86
HyLife (prev. day)	\$136.17
TCP/BP2	\$125.86
BoC Rate (Noon) prev. day	
\$1.3379 CAD / \$0.7474 USD	
Cash Prices Week Ending December 15th, 2018	
Signature 3	113.58/51.52
Signature 4	139.16/63.12
Signature 5 Brandon	126.37/57.32
h@ms Cash	136.10/61.73
HyLife	137.60/62.41
TCP/BP2 Moose Jaw/Langley	128.26/58.18
2018 Top-Up Estimate	
\$6.10 ckg (call for details)	
ISO Weans \$62.12 US Avg.	
Feeder Pigs \$67.62 US Avg.	

Forward contract prices opened lower this morning. US cash market values will start the week in a mixed pattern with the ISM and WCB reporting regions trending modestly upward while the National reporting region is \$0.45 USD/cwt lower. In the short term, support comes from ideas on firm domestic demand (recall that despite the ongoing trade issues, domestic disappearance is still the largest 'market'). However, packers are having no trouble sourcing supplies from the large herd and weekly slaughter came in at 2.612 million hogs, one of the highest on record. Also pressuring was the lower cut-out value that saw the majority of the primals under pressure except butts and ribs which were less than 25 cents (USD/cwt) higher on the day. Lean hog futures have opened lower to start the week as the market shrugs off African Swine Fever (which continues to expand in China) and potential pork import increases resulting from the 90-day trade war truce with China. Combined, these two events would be unquestionably much more supportive than presently seen if (IF!) they developed together. However, to date, China purchases (that were trumpeted two weeks ago as significant) falls completely in line with historical purchase patterns that were followed up with even less purchases last week and a cancellation in the 2019 marketing year.

Canadian delivered soymeal prices opened higher this morning. The US soybean futures market is firm to start the last full trading week before two holiday breaks in the sequential two weeks. The market has 'relaxed' a bit after seeing what Chinese buyers were willing to purchase during the recently announced 90-day cooling off period (for the still simmering trade war) which came in much lower than expectations. To be sure, the purchases were welcomed, but they were not nearly what traders were expecting.

US corn futures opened lower this morning. US corn futures have backed off the firming trend seen at the end of last week to settle into a more sideways pattern. Initial support came as the December contract ends and news that China agreed to restart US corn purchases (3 MMT reported) as early as January. However, the more cautious analysts note that China isn't really a large buyer of US corn (far more goes to Mexico) and also that Chinese officials recently 'found extra' corn in state reserves that reflects a whole other issue respecting the reliability of data coming from the region.

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		139.49 141.18	144.55 147.93	148.08 153.87	154.96 162.42	164.22 178.48	179.44 192.54	188.34 191.03	177.69 192.52	159.94 167.11	152.70 156.37
Soymeal Wpg/S.Man	459	459	466	466	473	473					

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