



# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 21 2018

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

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

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

**Forward contract prices opened higher this morning.** US negotiated prices continue to struggle to maintain their value amid the abundant supply of live hogs. Formula based prices have been somewhat more stable and have lost less than \$1.00/cwt over the last ten days due, in part, to firmer pork product prices. Yesterday, the USDA released its 4<sup>th</sup>-Quarter Hogs and Pigs report which show mixed results compared to expectations. The survey estimated market hog supplies to be up 2% from year ago levels representing a pace of growth more than 1.5% lower than what has been reported on the previous two reports. However, the USDA also made revisions to its previous reports with all adjustments reflecting a smaller supply than originally projected. However, growth in the breeding herd exceeded most analyst expectations with year over year increases of nearly 2.5%; the news exceeded every other category on the report and indicates further expansion in US hog production. Lean hog futures were higher in early morning trade, likely reflecting the positive weekly export sales that were reported for Mexico, with the trend over the last month showing a 16% increase over last year's pace.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower despite reports that suggest Chinese buyers will be active in the US market up until the Christmas break. Reuters is suggesting that another round of buying is eminent that could bring the total sales to China near the expected 5 MMT figure that was bandied about earlier. However, the sales appear to be measured in pace and have not come in big blocs which has been a disappointment for the market. The next couple days are expected to see lighter trading volumes and today is the last full day of trading before the Christmas break. On Christmas eve, Monday, markets will be closed early and completely closed the following day.

**US corn futures opened mixed to higher this morning.** US corn futures initially saw some support at the opening bell but then backed off and are now trading in a choppy and two-sided pattern with a bias to the upside. While export sales have been recently good, the export pace is a bit off the weekly average pace which is pressuring the nearby contracts. Also pressuring is talk of negative ethanol margins and a 'backing off' of demand as plants conduct maintenance (therefore not in production) and there have been some stories of all out plant shut downs. The degree to which the shut down plants come back on line remains to be seen as there are rumors of complete exits among those not conducting maintenance.

US Slaughter	
476,000	Thursday
468,000	Year Ago
Daily Prices	
W. Corn Belt	\$43.93
National	\$57.42
Iowa/S. MN.	\$43.99
ML Signature 5	\$123.10
HyLife (prev. day)	\$135.92
TCP/BP2	\$123.10
<b>BoC Rate (Noon) prev. day</b> \$1.3495 CAD / \$0.7410 USD	
Cash Prices Week Ending December 21st, 2018	
Signature 3	111.08/50.39
Signature 4	138.01/62.60
Signature 5 Brandon	124.54/56.49
h@ms Cash	N/A
HyLife	N/A
TCP/BP2 Moose Jaw/Langley	126.37/57.32
2018 Top-Up Estimate	
\$6.24 ckg (call for details)	
ISO Weans \$62.12 US Avg.	
Feeder Pigs \$67.62 US Avg.	

Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #5		139.31 141.01	144.42 147.83	148.63 154.35	155.98 163.52	167.29 179.77	182.69 195.75	190.83 193.55	179.92 194.69	162.02 169.25	154.62 158.32
Soymeal Wpg/S.Man	468	468	466	465	469	469					

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Headingley Main Office	h@ms Holiday Schedule 2018/2019	Risk Management (all times Central)
OPEN	Monday, December 24	Closed one hour early (11:30)
Closed	Tuesday, December 25	Closed
Closed	Wednesday, December 26	Closed
OPEN	Monday December 31	Open Regular hours (9:30-12:30)
Closed	Tuesday, January 1	Closed