



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 27 2018

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US negotiated cash markets made gains in yesterday's trade, as most US slaughter facilities were operating with an estimated 480,000 hogs slaughtered. Formula based prices were steady with those seen on Monday, with pork product prices seeing some weakness in this holiday reduced work week. The \$0.70/cwt reduction in the pork carcass cut-out pressured packer operating margins, but packer profitability is still very good as pork prices have avoided much of the weakness associated with the record large production. US stock markets made large gains in yesterday's trade after recent poor performance, which positively influenced commodity markets this morning. The pork outlook for 2019 is largely contingent on how the US resolves its trade disputes with Mexico and China, as these countries represent most of the growth potential in export demand. News that the US is sending trade negotiators to China on January 7 is a positive development on the trade war with China. Producers without price protection in the Spring and Summer timeframe can set targets \$5.00/kg higher than current prices in order to mitigate some of the uncertainty associated with the export markets.

Canadian delivered soymeal prices opened lower this morning. While commodity markets in general were higher in yesterday's Boxing Day trade, the soy complex remains in a downward trend from the recent highs put in on December 12th. News of a trade delegation from the US going to China in the second week of January helped provide support this morning, but traders remain skeptical of a deal that would see large volumes of soybeans moving any time soon. Chinese buyers bought almost no US soybeans in the month of November, and prices remain depressed reflecting the expectation of poor sales.

US corn futures opened mixed to higher this morning. The largest influence on the corn market continues to be the plight of US soybeans, which have been a casualty in the US-China trade war. The lack of any significant sales of soybeans to China has pressured soybean prices and swayed traders to sell corn futures with ideas that more US acres will be planted to Corn this spring.

US Slaughter	
480,000	Wednesday
459,000	Year Ago
Daily Prices	
W. Corn Belt	\$43.51
National	\$56.86
Iowa/S. MN.	\$43.67
ML Signature 5	\$122.76
HyLife (prev. day)	\$135.76
TCP/BP2	\$122.76
BoC Rate (Noon) prev. day \$1.3589 CAD / \$0.7359 USD	
Cash Prices Week Ending	
December 22nd, 2018	
Signature 3	111.08/50.39
Signature 4	138.01/62.60
Signature 5 Brandon	124.54/56.49
h@ms Cash	134.84/61.16
HyLife	136.34/61.84
TCP/BP2 Moose Jaw/Langley	126.37/57.32
2018 Top-Up Estimate	
\$6.38 ckg (call for details)	
ISO Weans \$66.46 US Avg.	
Feeder Pigs \$75.10 US Avg.	
Forward Range (at opening)	Dec
Maple Leaf Sig. #5	
Soymeal Wpg/S.Man	466

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
		139.73 143.17	145.83 151.61	153.02 160.63	167.25 179.84	182.78 195.96	190.62 193.36	179.59 194.58	161.52 168.82	154.22 157.96
	466	464	463	467	467					

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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