



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 01, 2015

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

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

**Forward contract prices opened higher this morning.** US cash markets started the week with modest gains as packers were willing to increase their cash bids in all reporting regions. Packers received a positive signal from wholesale pork prices that gained \$1.50/cwt as measured by the pork carcass cut-out value. Hams, the primal cut that makes up the largest portion of the cut-out, increased the most of any of the primal cuts. This represents a positive signal after the US Thanksgiving Holiday that trade participants anticipate holiday demand to improve. As a result, February and April Lean Hog futures responded to the positive cash market fundamentals, by gaining more than \$1.00/cwt this morning and possibly breaking the string of 5 consecutive days of losses. There are indications of solid pork demand, but the substantial supplies of pork, chicken and beef have cast a shadow over the pork complex and traders are less optimistic about the near term price outlook.

**Canadian delivered soymeal prices opened higher this morning.** Technical short covering and strong export data continue to support the bean trade. Weekly export inspections came in 85,000 MT higher than the highest trade expectation and now stand just shy of the 40.2% USDA 5-year average in terms of forecast expectations. Pressure comes from news the large funds are net short and close to the record short 92,000 contracts, but analysts point out to a trend that typically sees the funds take short positions at this time of year. Those positions may prove to be profitable as the outlook is generally bearish from a fundamental perspective. However, if the trend continues, a reversal within a couple weeks' time should materialize.

**US corn futures opened higher this morning.** The US corn trade got a boost following the EPA announcement stating the Renewable Fuel Standard for 2016 will be raised to 18.11 billion gallons from the earlier 17.4 billion gallon target and that biomass diesel will be raised to 1.9 billion from the original 1.8 billion gallon target. Considering the trade was technically oversold and among recent lows, the market was looking for some positive news. The general consensus is that, despite coming in lower than the Congressional targets, they should spur some demand and shake off some of the recent bearish pressure.

US Slaughter	
440,000	Monday
436,000	Monday (year ago)
W. Corn Belt	\$52.25
National Price	\$57.51
Daily Sig 3	\$127.70
Daily Sig 4	\$136.11
Thunder Creek	\$127.48
4-Month Fwd.	\$ 137.22
<b>B of C Ex. Rate (Noon)</b>	
\$1.3333 CAD / \$0.7500 USD	
<b>Cash Prices Week Ending November 28, 2015</b>	
Signature 3	126.57/57.41
Signature 4	136.06/61.72
h@ms Cash	125.07/56.73
Hylife	135.11/61.29
Thunder Creek	124.40/56.43
ISO Weans	\$37.15 US Avg.
Feeder Pigs	\$42.69 US Avg.
#1 Export Sows (Tagged)	N/A (+500lbs.)

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		124.13 130.24	132.69 135.74	135.62 139.29	139.90 147.30	158.31 170.54	171.77 177.88	171.20 178.54	161.47 176.15	151.02 155.30	150.41
Maple Leaf Sig. #4		129.67 133.46	136.30 139.62	140.45 143.29	144.24 150.22	158.87 171.19	171.66 175.93	173.73 179.65	171.05 175.31	152.64 167.33	153.83
Soymeal Wpg Delivered	433	438	441	441	443	443					
Corn	Local delivered price available on request										

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