



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 03, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets moved higher yesterday and with reported carcass weights falling slightly, suggesting that producers are current with their marketings and incenting packers to bid more aggressively in an effort to top up their slaughter schedules. This week's kill is on pace for around 2.4 million hogs, possibly the largest for the year. Despite the record setting pork production levels, packers are still benefitting from healthy packer margins, which is key to cash market to improvements over the next few months. Summer month forward contract prices are holding a larger than average premium to the current cash market. Over the last 4 years (excluding 2014), cash markets have gained an average of \$30/ckg from December to July. Currently, producers are able to secure nearly a \$50/ckg rally over the next 6 months with summer forward prices averaging better than \$175/ckg. Given heavy supplies of all meat and poultry and the slow growth trend that export markets are exhibiting, producers should consider pricing some of the 2016 production at current prices.

Canadian delivered soymeal prices opened higher this morning. Yesterday's choppy trade saw soybean futures trading lower in the early morning and finishing the session higher as the market attempted to reconcile seemingly conflicting technical indicators with fundamental data that was also sending mixed messages to the market. Support has returned despite some bearish news, mostly on information that weather in Brazil is turning less than ideal in some areas as well as thoughts that Argentina may not flood the world with product as first thought. December's WASDE report comes out one day ahead of the changes in Argentina on the 10th. A two-sided and choppy trade is expected heading into next week.

US corn futures opened higher this morning. While talk of an eminent 'flood' of product coming from Argentina after the 10th has given way to rumors of a more organized release, the market could still be subject to an 'additional' 20 MMT of corn after export taxes are lowered to zero from the current 20%. As well, analysts are now anticipating an additional 300,000-400,000 hectares (741,000-988,000 acres) to be planted in Argentina as an incentive to plant more corn materializes in terms of lower taxes. Nonetheless, deferred contracts are trading higher, continuing on a pattern of recovery from the lows in mid-November.

US Slaughter	
437,000	Wednesday
430,000	Wednesday (year ago)
W. Corn Belt	\$53.21
National Price	\$57.80
Daily Sig 3	\$130.31
Daily Sig 4	\$137.08
Thunder Creek	\$130.01
4-Month Fwd.	\$134.83
B of C Ex. Rate (Noon)	
\$1.3360 CAD / \$.07485 USD	
Cash Prices Week Ending November 28, 2015	
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		121.99 128.12	130.57 133.64	133.15 136.83	137.44 144.59	155.49 167.74	168.96 175.08	169.55 176.90	160.81 175.50	151.88 156.16	151.26
Maple Leaf Sig. #4		127.63 131.43	134.28 137.61	138.08 140.93	141.88 147.61	156.14 168.48	168.95 173.22	172.13 178.06	170.43 174.69	153.47 168.17	154.66
Soymeal Wpg Delivered	434	437	440	437	440	440					
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

STRENGTH IN NUMBERS



Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

