



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 04, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened mostly lower this morning.

US cash markets are finishing the week in a steady trend, with good packer profitability providing the support needed to prevent a further decline. Yesterday, the pork cut-out climbed close to \$2.00/cwt as pork bellies bounced by \$9.00/cwt after falling that same amount earlier in the week. The wholesale pork market is in unfamiliar territory, compared to the last several years, with abundant supplies currently hitting the market, while competing meats are also fighting for increased market share and trying to clear the market of heavy supplies. While prices are trading significantly lower than the last few years, Lean Hog futures are maintaining a better than average premium to the cash market. Over the last 4 years (excluding 2014), cash markets have gained an average of \$30/ckg from December to July. Currently, producers can secure a \$45/ckg rally over the next 6 months with forward prices averaging better than \$175/ckg in the summer timeframe.

Canadian delivered soymeal prices opened higher this morning.

There are thoughts of more short covering ahead as some weakness in the USD has essentially made beans more competitive on world markets at the same time the Brazilian currency has shown some strength. Cumulative export sales for the next marketing year currently stand at 70.6% of USDA estimates compared to the 76.8% 5-year average, but there are thoughts those numbers could improve if US competitiveness remains in place. The December WASDE report will be released on the 9th and while the December report supply numbers remain typically unchanged from the previous month (over the past 5 years), traders will be keeping a close eye on demand data.

US corn futures opened higher this morning.

Technical short covering and recovery from an oversold condition are cited as factors in the US corn trade's recent strength. Some spillover from strength in energy prices and precious metals have also provided some underlying support, not to mention the recent weakness in the USD that helps US commodities compete on world markets. The export picture has yet to improve significantly noting that export inspections came in slightly lower than the low expectation and cumulative sales are off-pace by 17.8%, a very large difference. Fresh data from the USDA comes out with the December 9th WASDE report.

US Slaughter	
437,000	Thursday
428,000	Thursday (year ago)
W. Corn Belt	\$52.99
National Price	\$58.27
Daily Sig 3	\$130.10
Daily Sig 4	\$138.53
Thunder Creek	\$130.17
4-Month Fwd.	\$134.22
B of C Ex. Rate (Noon)	
\$1.3394 CAD / \$0.7466 USD	
Cash Prices Week Ending December 05, 2015	
Signature 3	128.61/58.34
Signature 4	136.94/62.12
h@ms Cash	127.11/57.66
Hylife	n/a
Thunder Creek	126.30/57.29
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		121.31 127.43	129.87 132.93	132.44 136.11	136.72 144.19	155.16 167.40	168.63 174.75	169.46 176.79	161.93 176.59	154.18 158.46	153.57
Maple Leaf Sig. #4		126.95 130.74	133.58 136.90	137.37 140.21	141.16 147.22	155.82 168.15	168.63 172.89	172.02 177.94	171.48 175.74	155.69 170.37	156.88
Soymeal Wpg Delivered	433	437	440	437	442	442					
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.



Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

