



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 07, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. The USDA has estimated last week's slaughter at 2.42 million hogs, the largest weekly total in at least 6 years. In spite of the heavy supplies, packers were willing to pay marginally more for hogs, increasing their cash bids by about \$0.80/cwt. last week. Firm wholesale pork prices have allowed packers to maintain their current production levels and benefit from very profitable operating margins. Domestic markets have been the primary destination of the record setting pork production, with the latest export data showing sluggish demand for US pork. US packers have struggled to compete in the global pork trade recently, as the US Dollar has strengthened against almost every other major currency. Add to the mix, today's announcement by the WTO on the approved amount of the retaliatory tariffs that Canada and Mexico can apply to US imports due to MCOOL, and there is significant bearish pressure coming from the export market fundamentals. Producers should consider pricing up to 20% of their 2016 production on any price support from last week's levels.

Canadian delivered soymeal prices opened higher this morning. There is still concern that massive amounts of beans will be released into global markets after the 10th when new export tax policies come into force in Argentina. However, there is some talk that despite lower export taxes, producers will still hang onto some stocks as a currency hedge. In any event, Wednesday's WASDE report will not capture this development and the market will be forced to wait and see how the Argentine situation unfolds. All Western Canadian soymeal buyers are reminded that service levels and truck availability will be reduced in the coming weeks and to confirm deliveries ahead of the Christmas/New Year timeframe. 'Last minute' and/or late requests risk being unfilled.

US corn futures opened lower this morning. Despite the recent recovery in the corn market, technical indicators still suggest that US corn is in an oversold position and poised for more upside. There will likely be some short-covering ahead of Wednesday's WASDE report, but the fundamental news indicates that pressure in the mid-to-long term is more likely. Some supportive news such as an increase in ethanol exports by 8% over last year and a boost in the ethanol mandate announced last week have not been enough to spark a longer supportive trend.

US Slaughter	
2.183 mil.	Last Week
2.142 mil.	Last Week (year ago)
W. Corn Belt	\$52.20
National Price	\$58.21
Daily Sig 3	\$127.88
Daily Sig 4	\$138.10
Thunder Creek	\$128.18
4-Month Fwd.	\$134.79
B of C Ex. Rate (Noon)	
\$1.3365 CAD / \$0.7482 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	136.01/61.69
Thunder Creek	126.30/57.29
ISO Weans	\$38.60 US Avg.
Feeder Pigs	\$43.82 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		121.90 128.09	130.57 133.66	132.92 136.63	137.25 144.60	156.10 168.47	169.71 175.89	169.97 177.37	162.32 177.12	154.92 159.24	154.30
Maple Leaf Sig. #4		127.64 131.47	134.35 137.70	137.94 140.82	141.78 147.69	156.79 169.25	169.73 174.04	172.60 178.57	172.00 176.30	156.47 171.28	157.66
Soymeal Wpg Delivered	438	440	442	439	442	442					
Corn	Local delivered price available on request										

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Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 2:00 PM	Thursday, December 24	8:30AM – 12 noon
Closed	Friday, Dec. 25 and Monday, Dec. 28	Closed
8:00AM – 3:00 PM	Thursday, December 31	8:30AM – 12 noon
Closed	Friday, January 1	Closed