



# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 08, 2015

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

[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened higher this morning.** US cash markets started the week lower, losing most of the modest gains of the last week. Abundant hog supplies continue to keep weekly pork production at or near all-time highs, which make it easy for packers to meet their sales commitments. Packers will likely only start to increase their cash bids when they expect wholesale pork prices to appreciate and see an opportunity to build inventory at a lower cost base. Significant gains are unlikely until the New Year, when according to the September Hogs and Pigs report, hog supplies are expected to moderate to levels comparable to year ago. Lean Hog futures moved sharply lower in trade yesterday, in part due to the WTO's decision to allow over \$1 billion in tariffs to be applied to US imports by Canada and Mexico. These tariffs will not necessarily be applied to meat products, but the market has factored in the possibility. The goal of the tariffs is to pressure the US Senate to repeal the COOL legislation which has negatively impacted the trade of livestock between the US and Canada/Mexico.

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading higher. Short-covering appears to have begun ahead of tomorrow's WASDE report, but the bearish tone has yet to be shaken off. As of this writing, most contracts are trading higher than yesterday's close, but lower than today's opening prices suggesting the market is undecided on direction. Decent demand data from China and wet weather in Brazil are factors also adding some support, but thoughts of massive Argentine supplies hitting the market continue to keep the upside in check. The USDA's WASDE report will be released at 11:00AM Central time.

**US corn futures opened higher this morning.** US corn futures are trading higher and as with beans, the strength comes from thoughts of short position covering ahead of the WASDE report. Interesting to note that supply numbers in the December WASDE have remained relatively steady from November and only modest increases to imports (5 MMT) have been added in two of the past five years. There will likely be an adjustment higher to import estimates this year too due to lack of US competitiveness; demand side numbers are likely to confirm meagre demand for US corn and continue to pressure the trade, not to mention expected pressure from Argentina exports, in the short to mid-term.

US Slaughter	
438,000	Monday
431,000	Monday (year ago)
W. Corn Belt	\$51.93
National Price	\$57.92
Daily Sig 3	\$128.58
Daily Sig 4	\$138.86
Thunder Creek	\$128.39
4-Month Fwd.	\$137.28
B of C Ex. Rate (Noon)	
\$1.3508 CAD / \$0.7403 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		124.55 130.78	133.27 136.38	135.19 138.93	139.55 146.86	158.93 171.37	173.86 178.84	176.20 181.18	166.67 181.60	159.40 163.75	158.78
Maple Leaf Sig. #4		130.26 134.12	137.02 140.39	140.20 143.09	144.06 149.93	159.56 172.09	172.58 176.91	176.29 182.31	176.34 180.67	160.86 175.81	162.07
Soymeal Wpg Delivered	431	433	435	432	437	437					
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