



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 10, 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. US cash markets moved slightly higher in trade yesterday with the packer bids finding support around the \$52/cwt price level over the last few weeks. Yesterday's hog slaughter was estimated at 440,000 hogs, among the largest seen this year. Combine the abundant numbers with carcass weights that are now only 1 lb. lighter than the year ago levels and we are on pace for another week of record pork production. Hog numbers should start to come down from their highest levels of the year, holiday disruptions to a full slaughter schedules coming in two weeks will likely prevent any significant cash market gains. Longer term, heavy supplies of pork, chicken and beef will keep the US domestic market awash with meat protein, which will leave the market more reliant on gains in export sales for a price recovery. However, the strong US Dollar is not conducive to ramping up exports sales of meat, as it makes product sourced from the US comparatively more expensive. Producers should consider covering 20% of their intended 2016 production at current prices in order to secure profits for most of the year amid bearish market forces.

Canadian delivered soymeal prices opened even to lower this morning. US soybean futures are trading mixed following the bearish reaction to yesterday's WASDE report. December supply and demand numbers remained unchanged from the November estimates and US ending stocks were maintained at a substantial 465 MMT; world ending stocks were a record high 82.58 MMT, slightly lower than trade expectations, but a record nonetheless. There is more bearish news on the horizon, but the market will have to take a wait and see approach to expectations of large volumes coming from Argentina. The low export tax policy is supposedly implemented today, followed by a currency policy announcement on the 14th that could influence the speed with which Argentine beans enter the market.

US corn futures opened higher this morning. The WASDE report was considered neutral for US corn and the market initially saw some pressure mid-trade, but closed higher for the day. Support comes from vastly better than expected export numbers, coming in 11% higher than the 4-week average and almost 500,000 MT better than the high expectation. Support also comes from improving ethanol demand, the increased RFS mandate and some S. American weather issues that could curb production. Bearish influences in the near term include uncertainty for Argentina's release of corn and the possibility that more acres could be planted there following new policy announcements.

US Slaughter	
440,000	Wednesday
430,000	Wednesday (year ago)
W. Corn Belt	\$52.33
National Price	\$58.52
Daily Sig 3	\$130.40
Daily Sig 4	\$141.22
Thunder Creek	\$130.34
4-Month Fwd.	\$139.21
B of C Ex. Rate (Noon)	
\$1.3595 CAD / \$0.7356 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		126.55 132.77	135.26 138.38	137.01 140.74	141.36 148.75	161.00 173.44	174.68 180.90	175.12 182.59	165.71 180.65	158.61 162.97	157.99
Maple Leaf Sig. #4		132.19 136.05	138.94 142.32	141.96 144.85	145.81 151.76	161.56 174.09	174.58 178.91	177.66 183.69	175.42 179.76	160.11 175.06	161.31
Soymeal Wpg Delivered	429	429	431	428	432	432					
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