



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 11, 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 traded slightly lower yesterday with packers keeping cash bids within the trading range of the last week. Wholesale pork prices made modest gains with hams and bellies recovering a portion of their recent losses, contributing to the \$1.28/cwt gain in the pork cut-out. The weekly hog slaughter is expected to come in near 2.4 million hogs and all indications suggest that producers are current with their marketings. Lean Hog futures are starting the day on a firmer trend, resulting in the February contract trading near the top of its trading range over the past month. While most in the trade has expectations of a slow recovery, there is some optimism coming from the fact that cash prices appear supported at current levels. Forward contract prices represent good value in the context of the current cash market. Over the last 5 years the cash market has climbed an average of \$40/ckg from December to June. Currently, an increase in price of more than \$50/ckg can be secured by forward contracting. Producers are encouraged to cover some of their 2016 production at current prices to protect against the possibility of a weaker than average cash market trend due to abundant meat supplies and slow US exports.

Canadian delivered soymeal prices opened mixed this morning. US soybean futures are trading mixed amid the looming possibility of an influx of beans from Argentina. While export taxes are now technically lower with the new administration, Argentine bean sellers are likely holding off until after the 14th, when it is widely expected Argentina will let its currency float, a move in which most see the peso dropping to half its current value (at least). This decrease would allow beans to be much more competitive as well as provide a hedge against currency depreciation for sellers settling in US dollars (i.e. almost everyone). The world (and the US) has lots of beans; any support is likely a function of technical positioning and good export data yesterday.

US corn futures opened lower this morning. Unlike beans, US corn is trading decisively lower. Export data was exceptional relative to recent memory yesterday but US (and global) corn stocks remain persistently high, exacerbated by the fact the Chinese appear to be struggling to utilize very large state supplies, and rumors of large crops on the way. Adding to the pressure, of course, are thoughts that, like beans, Argentina will release large stocks onto the global market after December 14, when the Argentine peso floats on global currency markets. A drop in the currency's value is all but certain; the extent of the drop remains to be seen.

US Slaughter	
438,000	Thursday
431,000	Thursday (year ago)
W. Corn Belt	\$51.86
National Price	\$58.19
Daily Sig 3	\$129.27
Daily Sig 4	\$140.46
Thunder Creek	\$129.60
4-Month Fwd.	\$142.44
B of C Ex. Rate (Noon)	
\$1.3599 CAD / \$0.7353 USD	
Cash Prices Week Ending December 12, 2015	
Signature 3	129.23/58.62
Signature 4	140.00/63.50
h@ms Cash	127.73/57.94
Hylife	n/a
Thunder Creek	128.90/58.47
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		129.83 136.10	138.61 141.75	140.16 143.93	144.56 152.10	163.29 175.84	177.09 183.37	176.71 184.24	167.05 182.11	159.56 163.96	158.94
Maple Leaf Sig. #4		135.44 139.33	142.24 145.64	145.08 148.00	148.97 155.07	163.84 176.47	176.96 181.33	179.27 185.35	176.84 181.21	161.08 176.16	162.30
Soymeal Wpg Delivered	425	430	433	430	433	433					
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