



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 14, 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 hog prices held steady with the previous week, even as the hog slaughter maintained a near record high level of 2.426 million hogs, producing an estimated 518 million lbs. of pork. Recent hog slaughter has been very close to the industry's capacity, with the Saturday slaughter from two weeks ago (following US Thanksgiving) posting a record large 373,000 hogs processed. Wholesale pork prices were able to maintain a steady trend, despite fierce competition from chicken and beef which are both experiencing weaker prices due to heavy supplies. 2016 Lean Hog futures rallied to the highest level in more than a month, with no significant fundamental news driving the gains. However, the latest Commitment of Traders report showed that funds hold a net-short position, rare for this category and possibly an indicator of the market being oversold. Producers without protection in 2016 should consider covering 20% of their intended production at current prices to take advantage of the larger-than-average premium that forward prices hold to the current cash market.

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading mixed as the market attempts to navigate through the uncertainty ahead. The US bean trade remains at its lowest levels in years on strong supply and weak demand side fundamentals. Aside from some regions that are a bit too wet or too dry in Brazil, even Brazil's production is expected to be among record levels so long as the weather doesn't take a severe turn for the worse. In terms of Argentina, there is now talk that currency controls currently in place will be more cautiously removed so panic bean selling as a currency hedge is viewed as less likely now.

US corn futures opened higher this morning. US corn futures are showing some strength although there is talk that this development could be technical positioning ahead of 'additional' supplies of beans thought to be coming from Argentina. Recently, the market has moved from an oversold condition to a neutral one meaning more pressure could be ahead as fundamental and technical indicators would provide no rationale for support at these levels (nearby contracts are currently trading in the \$3.70s USD/bu.). However, despite talk of a more structured removal of currency controls in Argentina, a lot of corn is expected to enter the global market soon.

US Slaughter	
2.426 mil.	Last Week
2.262 mil.	Last Week (year ago)
W. Corn Belt	\$51.31
National Price	\$58.12
Daily Sig 3	\$128.81
Daily Sig 4	\$141.29
Thunder Creek	\$129.30
4-Month Fwd.	\$146.03
B of C Ex. Rate (Noon)	
\$1.3696 CAD / \$0.7301 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	128.90/58.47
Thunder Creek	128.90/58.47
ISO Weans	\$41.35 US Avg.
Feeder Pigs	\$52.15 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		132.56 136.97	139.49 142.64	141.76 145.54	146.17 153.52	165.55 178.13	179.39 185.68	179.01 186.56	168.52 183.62	161.35 165.75	159.94 160.72
Maple Leaf Sig. #4		137.52 140.20	143.13 146.55	146.67 149.60	150.57 156.46	166.04 178.71	179.20 183.59	182.00 187.60	178.30 182.68	162.83 177.93	163.40 164.04
Soymeal Wpg Delivered	430	433	436	433	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