



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 16, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. US cash markets were mixed across the major reporting regions with ISM and WCB coming in approximately \$0.40 USD/cwt. lower and the National reporting region coming in \$0.47 USD higher than the previous day. Tuesday's slaughter number of 438,000 was a little lower than expectations but could be a function of weather systems impacting logistics. To date, slaughter remains seasonally high, exacerbated by large animals that, although lighter than last year, have not seen growth rates impacted by the cooler weather. Lean hog futures continue to trade in a mixed and choppy pattern this morning. However, the big news in the meat industry is that Senator Roberts (R-Kansas) has successfully included a repeal of COOL within the year-end funding bill. The funding bill is comprehensive and its passing is all but certain, meaning a repeal of COOL is likely, and the U.S will avoid a costly trade war. Fundamentally, supplies remain large, but at least the US will not be dealing with the external market shock of trade retaliations.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading lower, but today's pressure comes from forces that are not strictly fundamental in nature. Factors being watched closely by traders include an expected increase in US interests rates thus implying a stronger dollar making US exports less competitive in the longer run, and also, the lowering of Argentine export taxes on soybeans by 5% to 30% (less of a decrease than at first thought). However even more so for Argentine beans, are thoughts that the new president will devalue the currency before Christmas, and perhaps as early as today (Wednesday), which would make Argentina soybeans more competitive and provide an incentive to start selling.

US corn futures opened lower this morning. US corn futures are trading lower. As with beans, the eminent pressure comes from Argentina where export taxes are now zero percent for corn and wheat and thoughts of a devalued currency announcement that could come as early as this week (previously rumored to be announced on the 14th). There is talk these policy changes could also incent farmers to plant more acres as early as this season as planting is still underway. Also, the USDA released preliminary acreage projections for next season in the US, coming in 2.1 million acres higher than last year and the fourth highest on record.

US Slaughter	
438,000	Tuesday
434,000	Tuesday (year ago)
W. Corn Belt	\$50.78
National Price	\$58.14
Daily Sig 3	\$127.78
Daily Sig 4	\$141.66
Thunder Creek	\$127.75
4-Month Fwd.	\$144.02
B of C Ex. Rate (Noon)	
\$1.3728 CAD / \$0.7284 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	138.77/62.95
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		128.52 132.95	135.48 138.64	140.41 144.20	144.84 152.43	167.05 179.70	180.96 187.29	179.38 187.92	167.71 182.84	158.75 163.17	157.77 158.41
Maple Leaf Sig. #4		133.64 136.33	139.27 142.70	145.40 148.34	149.32 155.44	167.52 180.26	180.75 185.16	181.89 188.59	177.54 181.94	160.32 175.47	161.35 161.83
Soymeal Wpg Delivered	431	431	434	431	434	434					
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