



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 17, 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. Large supplies coming to market while packers have secured production requirements in the near term is pushing the cash market lower. Iowa/S. Minnesota and the Western Corn Belt reporting regions were both down \$0.95 and \$0.94 USD/cwt. respectively; the National reporting region was also lower by \$0.57 USD, a reversal from the previous session. The duration of the pressure remains to be seen and there is talk that a recent drop in weights may suggest producers are pulling some production ahead. The pork cutout also saw weakness and was down from the previous day adding to the pressure. Lean hog futures are trading lower amid speculation that the recent rally earlier in the week was a bit overdone. As well, rumors are circulating that the USDA may have underestimated hog numbers adding to the pressure in the futures trade. The USDA, so far, has been relatively accurate with projections, so if this is indeed true, more weakness is a likely outcome. The next quarterly Hogs and Pigs report comes out on December 23rd.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading lower as the market factors in large global supplies and a stronger US dollar. Fed Chair Janet Yellen announced yesterday that the Central Bank would raise interest rates by ¼% for the first time in seven years as the US economic health recovers somewhat, a move that will likely strengthen the USD. While markets reacted positively (generally), agricultural commodities took a hit as the USD is now expected to strengthen at precisely the same time an influx of product enters the global marketplace.

US corn futures opened lower this morning. Like beans, US corn futures are down across the board as thoughts of decreasing US competitiveness for ag commodities decreases amid the interest rate hike. However, the larger short-term news arguably comes from Argentina where there is talk grain exporters will release \$400 million worth of 'grain' (about 2.75 MMT of corn) in the next two weeks. For US corn sellers, this news is particularly troubling, especially for those who have been storing grain and waiting for the market to recover, a development that looks increasingly unlikely in the mid-term.

US Slaughter	
440,000	Wednesday
431,000	Wednesday (year ago)
W. Corn Belt	\$49.84
National Price	\$57.57
Daily Sig 3	\$126.12
Daily Sig 4	\$141.07
Thunder Creek	\$126.06
4-Month Fwd.	\$139.75
B of C Ex. Rate (Noon)	
\$1.3805 CAD / \$0.7244 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		122.64 127.11	129.66 132.85	136.81 140.64	141.28 148.96	164.91 177.67	178.95 185.33	176.18 185.97	165.47 180.59	154.75 159.16	153.34 154.12
Maple Leaf Sig. #4		128.03 130.75	133.72 137.18	142.00 144.96	145.95 152.15	165.50 178.36	178.85 183.30	178.79 186.76	175.37 179.76	156.45 171.58	157.03 157.67
Soymeal Wpg Delivered	427	427	430	427	431	431					
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