



Hog Margin Outlook

Meeting Your Marketing Needs

Friday, December 18, 2015

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

www.hamsmarketing.ca

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

US Slaughter	
439,000	Thursday
432,000	Thursday (year ago)
W. Corn Belt	\$49.12
National Price	\$57.55
Daily Sig 3	\$125.78
Daily Sig 4	\$142.71
Thunder Creek	\$125.73
4-Month Fwd.	\$142.76
B of C Ex. Rate (Noon)	
\$1.3970 CAD / \$0.7158 USD	
Cash Prices Week Ending December 19, 2015	
Signature 3	127.51/57.84
Signature 4	141.46/64.17
h@ms Cash	126.01/57.16
Hylife	n/a
Thunder Creek	129.50/58.74
ISO Weans	\$41.35 US Avg.
Feeder Pigs	\$52.15 US Avg.
#1 Export Sows (Tagged)	N/A (+500lbs.)

Forward contract prices opened higher this morning. US cash markets continue to come under pressure to finish off the week. All major reporting regions posted lower base prices relative to the previous session with ISM and WCB showing the biggest difference at \$0.67 USD/cwt. on average; the National region was lower by a modest \$0.02 USD. Massive supplies continue to be a function of the current supply dynamic resulting in 518.7 million lbs. of pork produced for the week ending December 5th, up again from the previous week and a 7.7% increase over year ago. Grocery chains will be offering specials during the holiday season if they haven't done so already, but those supplies have already been ordered and delivered (or in storage) and there is talk packers have their needs covered heading into the holiday shortened weeks ahead. Lean hog futures have staged a turnaround, recovering the losses seen over the past couple days. An overdone rally and rumors that the USDA has underestimated hog herd numbers into the New Year were cited as part of the yesterday's pressure. However, today's support could be a function of a market correction as well as a hedging opportunity.

Canadian delivered soymeal prices opened higher this morning. US soybeans are trading higher, continuing the move seen yesterday after Argentina floated its currency and removed other currency restrictions. A floating currency was widely believed to act as an incentive to sell beans and subsequently flood the market with additional supplies. However, the market had already built in some of that risk premium leading up to the announcement, and now that the currency 'rate' is known, the uncertainty has been removed from the equation for now. So far there has been no bank run in Argentina and no mass selling of soybeans as people take a wait and see approach.

US corn futures opened higher this morning. US corn futures remained in a bearish trend yesterday, but have since regained some tenuous strength. Even though the Argentine currency value is now known (around 15 pesos to the USD, almost mirroring the black market rate which was widely expected), US corn faces an uphill battle in terms of value as more supplies are expected to come from Argentina (following the other policy change: a 0% export tax), flooding an already oversupplied market amid lacklustre global demand and a stronger US dollar. However, this morning's trade is showing signs of support, mostly on weather related uncertainties in the southern hemisphere and technical tests.

Fixed Forward Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct
Maple Leaf Sig. #3		126.64 131.11	133.66 136.85	139.20 143.02	143.66 151.23	167.56 180.31	181.58 187.96	181.35 189.02	169.92 185.26	157.91 162.38	156.50 157.27
Maple Leaf Sig. #4		131.90 134.62	137.59 141.05	144.31 147.27	148.26 154.35	168.06 180.90	181.39 185.84	183.90 190.09	179.89 184.35	159.60 174.94	160.21 160.83
Soymeal Wpg Delivered	448	446	449	446	449	449					
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