



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, December 21, 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 continue to see some pressure to start the week; ISM and WCB regions are both down by ~\$0.20 USD/cwt. while the National region starts Monday lower by \$0.59 relative to the previous session. Large supplies of pork are still coming to market, observing the 7.74% increase in last week's slaughter relative to previous year. As well, the pork cutout is seeing more weakness; all primal cuts but bellies came in lower in the Friday report. Lean hog futures are cautiously higher, a continuation of some nearby contracts' activity on Friday where they traded higher for most of the day. However, sustained strength is unlikely in the face of massive supplies and rumors that the USDA may have underestimated the US hog herd, meaning even larger supplies could be coming to market in the mid-term. This rumor is likely just pre report chatter. However, if Wednesday's report confirms the rumor, potential for further downside is quite likely. Nevertheless, traders look forward to reduced uncertainties in the marketplace this week including: 1) The US Congress passed, and the US president signed, a massive omnibus bill on Friday that contained a two page repeal of COOL, thus avoiding trade war uncertainty, and 2) The USDA's quarterly Hogs and Pigs report will be released on the 23^d, providing some fresh news on current and projected herd estimates.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher. Despite expectations of large supplies based on current fundamental knowledge, support had developed on thoughts that Argentina will adopt a more organized marketing strategy rather than flood the market as first thought, combined with some challenging weather in other areas of S. America (notably Brazil, where it is either too dry or too wet in certain regions). As well some sales reported on Friday of China purchasing US beans are adding additional support and talk that demand may still be relatively decent from the region.

US corn futures opened higher this morning. US corn continues to look for a 'good news' fundamental story. China's imports are down 92% from the previous year although there are thoughts that this development came as a direct result of increases in DDGs imports. In any event, China is sitting on massive amounts of state reserves, and with a high USD, export customers can find less expensive corn elsewhere. Despite these challenges, US corn is trading mixed this morning, with support coming from residual commodity strength and thoughts of some short covering ahead of the holidays.

US Slaughter	
2.493 mil.	Last Week
2.314 mil.	Last Week (year ago)
W. Corn Belt	\$48.92
National Price	\$56.96
Daily Sig 3	\$124.48
Daily Sig 4	\$140.35
Thunder Creek	\$124.46
4-Month Fwd.	\$143.45
B of C Ex. Rate (Noon)	
\$1.3882 CAD / \$0.7204 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	139.70/63.37
Thunder Creek	129.50/58.74
ISO Weans	\$43.75 US Avg.
Feeder Pigs	\$52.08 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		127.38 131.85	134.40 137.60	139.71 143.54	144.18 152.03	168.26 181.04	182.32 188.71	181.38 189.35	170.29 185.59	156.69 161.16	155.25 156.06
Maple Leaf Sig. #4		132.62 135.34	138.31 141.77	144.81 147.78	148.77 155.14	168.76 181.63	182.12 186.58	183.91 190.09	180.21 184.65	158.40 173.71	158.97 159.64
Soymeal Wpg Delivered	450	450	452	449	453	453					
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