



# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 24, 2015

For details call: (204)235-2237 or visit [www.hamsmarketing.ca](http://www.hamsmarketing.ca)

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

**Forward contract prices opened higher this morning.** US cash markets are finishing the holiday shortened week about steady after trading \$0.50 - \$0.60 USD/cwt. higher yesterday. Cut-out values Wednesday decreased \$2.54 USD/cwt. to their lowest value since April. A drop in weights and a couple shortened weeks ahead could mean less pork in the near term, but there is still a lot of pork on the way. Lean hog futures were swift to react to the Quarterly Hogs and Pigs report, a trend that has continued this morning, albeit with some volatility. All contracts moved higher despite numbers suggesting a return to the pre-2014 trend line is underway in the US. However, 'all' and 'market' hog numbers were lower than trade expectations, a bullish factor. This development plus the monthly draw-down in pork supplies presents an opportunity for producers to consider securing some price certainty amid values that have jumped \$3-\$5 CAD/pkg. this morning ahead of large supplies that are still expected to come to market in the near term. **Markets are closed one hour early today due to reduced trading hours at the CME for Christmas Eve. Canadian forward contracting is also closed on Monday, December 28 for Boxing Day. Forward contracting will resume Tuesday, December 29.**

**Canadian delivered soymeal prices opened lower this morning.** US soybean futures are trading lower. Large global supplies are expected to swell as Argentina ramps up its marketing activity. While fears of a 'dump' have largely been replaced with ideas of a more disciplined marketing strategy, the fact is there will be even more beans available soon. Some weather premium is built into the trade due to conditions in Brazil, but there is talk if it turns more normal, Brazil's production concerns could be dismissed.

**US corn futures opened lower this morning.** Lack of buying interest before the holidays on weakening basis levels has been cited as rationale for the continued drop in US corn futures yesterday that have reached contract closing lows last seen in November. Today US corn futures are trading lower, continuing the pre-holiday trend. There is not much supportive news heading into the New Year as large supplies from Argentina are also expected to flood an already oversupplied market relatively soon.

	Range in % of 2014	Avg. in % of 2014	Dec. in % of 2014
All hogs	100.7-101.9	101.4	100.8
Breeding	100.0-102.1	100.9	101.1
Marketing	100.7-102.2	101.5	100.7
>180 lbs.	103.0-108.0	105.3	105.4
120-179 lbs.	99.6-103.1	101.4	101.6
50-119 lbs.	100.0-101.0	100.4	99.5
<50 lbs.	99.0-100.3	99.6	99.5

Source: Citing Urner Barry in Meyer and Steiner, DLR, USDA, h@ms calculations.

US Slaughter	
430,000	Wednesday
187,000	Wednesday (year ago)
W. Corn Belt	\$49.16
National Price	\$56.63
Daily Sig 3	\$124.89
Daily Sig 4	\$139.32
Thunder Creek	\$124.71
4-Month Fwd.	\$146.73
<b>B of C Ex. Rate (Noon)</b>	
\$1.3860 CAD / \$0.7215 USD	
<b>Cash Prices Week Ending December 19, 2015</b>	
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		129.83 134.27	136.81 139.98	144.37 148.17	148.80 156.19	169.36 182.02	183.29 189.62	183.16 190.77	172.13 187.35	157.11 161.55	155.69 156.48
Maple Leaf Sig. #4		134.94 137.64	140.58 144.02	149.25 152.20	153.18 159.10	169.77 182.52	183.01 187.42	185.60 191.74	181.91 186.34	158.77 174.00	159.36 160.00
Soymeal Wpg Delivered	433	430	432	429	434	434					
Corn	Local delivered price available on request										

This information is intended to aid producers in making marketing decisions. Opinions given do not guarantee any future events or performance and all pricing is subject to verification. Any unauthorized distribution is strictly prohibited.

Headingley Main Office	h@ms Holiday Schedule	Winnipeg Livestock (WLS)
8:00AM – 2:00 PM	<b>Thursday, December 24</b>	8:30AM – 12 noon
Closed	<b>Friday, Dec. 25 and Monday, Dec. 28</b>	Closed
8:00AM – 3:00 PM	<b>Thursday, December 31</b>	8:30AM – 12 noon
Closed	<b>Friday, January 1</b>	Closed