



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 30, 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 mixed this morning.** US cash markets are trading near steady, with hog supplies burdensome amid a reduced production schedule due to the holidays. Packers have grown their operating margins over the last 3 months, with the spread between cash bids and wholesale prices growing to over \$22/cwt or an estimated \$45/hog. Packers and retailers have strong profit incentives to keep moving product, but increased competition from chicken and beef is having the effect of limiting the amount of pork being purchased. Compounding this effect is that consumers have yet to see the benefit of the recent downturn in hog prices at the retail level. Lean Hog futures are holding a better than average premium to the current cash market and this represents a good hedging opportunity for all periods in 2016. Given the forecast for record large supplies of pork in the context of growing beef and chicken supplies, producers should look to cover 40% of their projected production at current prices.

**Canadian delivered soymeal prices opened higher this morning.** US soybean futures are trading in a mixed and choppy pattern as the market attempts to reconcile an apparent conflict between technical indicators and fundamental news. There are still expectations that large volumes will come from Argentina as farmers attempt to sell old crop stocks ahead of the competing Brazil harvest. As well, while dryness persists in some regions, there is talk that more normal weather patterns will return to Brazil, supporting the earlier 100 MMT production estimate. However, support comes from thoughts Brazil's weather is far from perfect as well as technical indicators suggesting the trade is oversold.

**US corn futures opened lower this morning.** US corn futures are trading lower, mostly on news that Argentina has abandoned limits on corn (and wheat) exports as the country attempts to reinvigorate its main economic engine. Agriculture in Argentina is responsible for approximately 35% of the country's GDP, a very large percentage. Added to this is the high USD and a weak global demand that is continuing to pressure the US trade. The nearby contract bounced off of contract-closing lows Monday but is starting this morning headed back lower and could test support levels last seen at the beginning of the month.

US Slaughter	
430,000	Tuesday
431,000	Tuesday (year ago)
W. Corn Belt	\$48.39
National Price	\$55.51
Daily Sig 3	\$122.85
Daily Sig 4	\$136.47
Thunder Creek	\$122.67
4-Month Fwd.	\$153.77
B of C Ex. Rate (Noon)	
\$1.3850 CAD / \$.07220 USD	
Cash Prices Week Ending December 26, 2015	
Signature 3	124.72/56.57
Signature 4	139.89/63.45
h@ms Cash	123.22/55.89
Hylife	138.79/62.95
Thunder Creek	126.60/57.43
ISO Weans	\$48.16 US Avg.
Feeder Pigs	\$51.69 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		135.87	138.42 141.61	141.69 149.34	151.25 158.86	167.66 185.51	186.78 193.16	184.23 193.80	172.65 187.92	157.71 164.07	155.23 156.49
Maple Leaf Sig. #4		139.23	142.20 145.65	146.72 153.39	155.61 161.74	170.63 185.94	186.43 190.88	186.66 194.33	182.47 186.91	158.76 174.04	157.78 159.99
Soymeal Wpg Delivered	426	426	429	425	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 – 3:00 PM	Thursday, December 31	8:30AM – 12 noon
Closed	Friday, January 1	Closed