Hog Margin Outlook

Meeting Your Marketing Needs

Monday, January 11, 2016

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

***Hog Prices*: ↓ *Soymeal*: ↔**
***Corn*: ↓ *CDN Dollar*: ↓**

US Slaughter	
2.375 mil.	Last Week
2.148 mil.	Last Week (year ago)
Daily Prices	
W. Corn Belt	$51.74
National	$56.10
Iowa/S. MN.	$51.85
Signature 3	$134.21
Hylife	$138.84
Thunder Creek	$134.19
Sig 3 4-Month Fwd.	$160.78
B of C Ex. Rate (Noon)	
$1.4151 CAD / $0.7067 USD	
Cash Prices Week Ending January 9, 2016	
Signature 3	129.74/58.85
h@ms Cash	128.24/58.17
Hylife	136.53/61.93
Thunder Creek	124.20/56.34
ISO Weans	$57.54 US Avg.
Feeder Pigs	$64.62 US Avg.
#1 Export Sows (Tagged) $18.00/cwt (+500lbs.)	

Forward contract prices opened lower this morning. *US cash markets made solid gains in last week's trade, with most USDA regions reporting gains of close to 3% the week. Firm wholesale pork prices gave packers the confidence to increase their bids in order to meet their large slaughter schedule, which was estimated at 2.375 million hogs, 10% larger than year ago levels. While this week's slaughter numbers are expected to be similar, the gains over year ago levels will moderate as it was at this time last year that supply started to recover from PEDv losses. Longer term, pork has increased competition from both chicken and beef with US production of these meats forecast to be up 5-6% over 2015 levels. The November export numbers were released by the USDA last week. Pork exports for that month were up 18% over year ago levels, but remain 5% under export volumes experienced in November 2013. Mexico is the only major export destination that has grown consistently over the last two years, and will play a major role in clearing the abundant supply of pork from the US in 2016.* ***Producers that have not yet done so, should price 40% of their 2016 production, at current prices to ensure profitable production for the whole year.***

Canadian delivered soymeal prices opened even this morning. *US soybean futures are trading higher to start the week, largely on technical indicators. In a refrain that is starting to sound repetitive, fundamentals are bearish and the outlook is for more pressure until either an export story develops (i.e. global demand increases) or a weather risk premium develops. Currently, S. American weather is largely favourable as crops enter yield determining stages and N. American weather premiums will not develop until crops are in the ground. The USDA will release WASDE and (last season's) Crop Production reports tomorrow; the expectation is for carryout to be raised, possibly as high as 7% above current estimates.*

US corn futures opened lower this morning. *Unlike the soybean trade, US corn futures continue to come under pressure, but they have yet to break the $3.50 support level. Although tomorrow's WASDE and Crop Production reports are expected to be generally bearish, there are not expected to be major revisions to crop production estimates of carryout values, suggesting market reaction could be minimal. However, the funds hold a very large net short position amid key support levels so a minor revision could trigger the bounce that has been talked about for some time now.*

Fixed Forward Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Maple Leaf Sig. #3		143.93 145.22	142.76 150.54	152.48 160.22	168.07 186.22	187.52 194.00	185.78 194.65	176.13 191.69	161.48 167.97	159.51 160.80	138.60 156.03	140.53 146.99
Soymeal Wpg Delivered	437	437	437	441	441	446						
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.

follow us @hamsmarketing twitter

Some Important Phone Numbers
Main Office: 204-233-4991
Toll Free: 1-800-899-7675
Logistics: 204-235-2225
Risk Management: 204-235-2237

STRENGTH IN NUMBERS
h@ms MARKETING SERVICES