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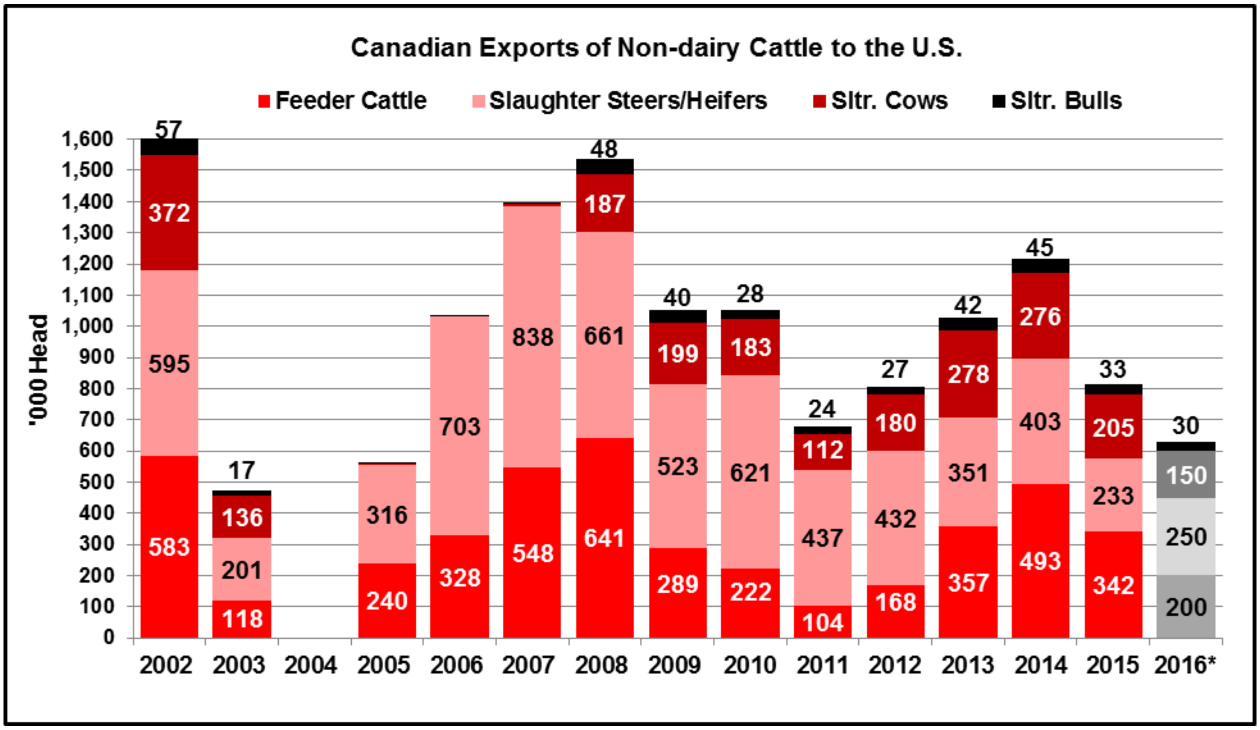
Report Highlights:
The first year of a long awaited cattle expansion cycle will be marked by a continued decline in live exports and a modest rise in domestic slaughter, both trends reflective of a more competitive beef packing industry supported by the weak Canadian dollar. The hog sector stays steady on a path of moderate growth, with increased live exports and domestic slaughter, while pork exports are estimated to reach a record level.

CATTLE and BEEF

CANADA Animal Numbers CATTLE ('000 head)	2014		2015		2016	
	USDA Official Data	NEW Post Data	USDA Official Data	NEW Post Estimates	USDA Official Data	NEW Post Forecast
Total Cattle Beg. Stks	12,220	12,220	11,920	11,920	11,930	12,100
Dairy Cows Beg. Stocks	959	959	953	953	950	950
Beef Cows Beg. Stocks	3,903	3,903	3,831	3,831	3,800	3,850
Production (Calf Crop)	4,606	4,606	4,400	4,400	4,375	4,410
Total Imports	45	45	35	36	40	40
Total Supply	**16,871**	**16,871**	**16,355**	**16,356**	**16,345**	**16,550**
Total Exports	1,245	1,245	1,025	832	925	650
Cow Slaughter	448	448	385	380	350	375
Calf Slaughter	248	248	215	223	200	200
Other Slaughter	2,471	2,471	2,300	2,297	2,200	2,425
Total Slaughter	3,167	3,167	2,900	2,900	2,750	3,000
Loss	539	539	500	524	535	540
Ending Inventories	11,920	11,920	11,930	12,100	12,135	12,360
Total Distribution	**16,871**	**16,871**	**16,355**	**16,356**	**16,345**	**16,550**

The trend projected in the previous report has not changed, and 2016 will mark the first year of a long awaited expansion cycle in the Canadian cattle sector. Inventories on January 1 are estimated to be 1.5 percent above the 2015 level on the same date, and an additional 2 percent growth is forecast to take place by the end of 2016.

Exports of live cattle are estimated to drop by another 22 percent in 2016, after an even more significant decline of 33 percent in 2015, with all cattle categories being impacted by this trend. The reason behind such a drastic development is the continued depreciation of the Canadian dollar, which intensified towards the end of 2015, and which translated into a more competitive beef packing industry. This allowed slaughter plants to offer higher prices for fed cattle, which, in turn, allowed feedlots to bid more aggressively on feeder cattle. The end result was that cattle, which would normally have been exported to the United States, remained in Canada to be fed and slaughtered.



From the beef packing industry perspective, the weaker Canadian dollar arrived at a fortunate time, as the slaughter plants in Western Canada were running at increasingly lower volumes below capacity, with the risk of threatening their longer term viability. The boost received from the depreciated dollar is expected to continue throughout 2016, thus allowing beef packers to keep cattle inventories in the country for feeding and slaughter.

Post now estimates that 2016 cattle slaughter will increase by 3.5 percent, after an 8.5 percent decline in 2015. Even with a higher slaughter volume, increased heifer retention is expected to continue in 2016, as it usually happens during a phase of expansion. Estimated at 375,000 head, cow slaughter will be higher than normally expected, as industry sources indicated that there were increased inventories of cows on feed at the end of 2015 which will all go to slaughter during 2016.

CANADA Meat BEEF and VEAL	2014		2015		2016	
	USDA Official Data	NEW Post Data	USDA Official Data	NEW Post Estimates	USDA Official Data	NEW Post Forecast
Slaughter (Reference)	3,167	3,167	2,900	2,900	2,750	3,000
Beginning Stocks	27	27	33	33	30	30
Production	1,099	1,099	1,025	1,050	975	1,085
Total Imports	284	284	290	280	285	270
Total Supply	**1,410**	**1,410**	**1,348**	**1,363**	**1,290**	**1,385**
Total Exports	378	378	375	391	370	420
Total Dom. Consumption	999	999	943	942	890	935
Ending Stocks	33	33	30	30	30	30
Total Distribution	**1,410**	**1,410**	**1,348**	**1,363**	**1,290**	**1,385**

Post estimates beef production to reach 1.085 million metric tons in 2016, or 3 percent above the 2015 level, as carcass weights are expected to marginally decline. The 2015 beef production is now estimated higher than the original forecast, as animals got heavier throughout the year. According to Canfax data, the average steer carcass weight in 2015 was 3.6 percent higher than the average carcass weight one year earlier. However, from January to December 2015, carcass weights increased by 7.5 percent, offsetting to a large extent the decline in slaughter volumes.

At 420,000 metric tons (MT), beef exports in 2016 are now estimated 30,000 MT larger than in 2015, strongly supported by the depreciated Canadian dollar. The United States remains by far the number one export destination with 76 percent of the share, with China rising to a distant second market with 10 percent of market share. China and Hong Kong combined attracted more than 13 percent of Canadian beef exports in 2015, up from 10 percent during the previous two years.

Beef imports will decline in 2016 by an estimated 10,000 MT compared to 2015, and as will domestic consumption, which will likely reach one of the lowest levels in decades, both in total volume and on a per capita basis.

CANADA: Total Beef Exports (*Quantity in metric tons, CWE)**

	1995	2000	2005	2010	2013	2014	2015
World	**263,682**	**563,090**	**596,307**	**523,073**	**332,491**	**378,315**	**391,199**
United States	248,232	469,043	515,797	414,678	255,740	286,213	298,462
China	47	85	0	2	7,869	9,137	39,319
Mexico	197	43,712	57,125	49,437	16,030	22,259	18,241
Japan	8,871	22,155	7	17,932	14,950	20,831	13,341
Hong Kong	116	919	13,035	21,128	26,234	27,428	11,759
Saudi Arabia	0	87	25	7	1,908	1,175	3,173
All other countries	6,219	27,089	10,318	19,889	9,760	11,272	6,904
Export Market Shares							
United States	94.1%	83.3%	86.5%	79.3%	76.9%	75.7%	76.3%
China	0.0%	0.0%	0.0%	0.0%	2.4%	2.4%	10.1%
Mexico	0.1%	7.8%	9.6%	9.5%	4.8%	5.9%	4.7%
Japan	3.4%	3.9%	0.0%	3.4%	4.5%	5.5%	3.4%
Hong Kong	0.0%	0.2%	2.2%	4.0%	7.9%	7.3%	3.0%

Source: Global Trade Atlas / *Conversion to carcass weight equivalent at 1.4

CANADA: Total Beef Imports (*Quantity in metric tons, CWE**)							
	1995	**2000**	**2005**	**2010**	**2013**	**2014**	**2015**
World	**268,309**	**290,280**	**151,000**	**243,444**	**295,278**	**283,922**	**280,017**
United States	146,221	128,553	60,360	175,237	226,568	179,407	162,585
Australia	56,038	55,268	11,395	11,794	24,301	48,238	56,577
New Zealand	60,192	29,602	42,265	31,576	21,543	23,138	35,911
Uruguay	157	34,493	27,144	15,734	17,466	26,015	19,066
Brazil	2,085	4,125	7,383	7,415	4,114	5,657	2,416
Argentina	3,439	38,168	2,315	1,625	899	220	0
All other countries	177	71	138	63	387	1,247	3,462
Import Market Shares							
United States	54.5%	44.3%	40.0%	72.0%	76.7%	63.2%	58.1%
Australia	20.9%	19.0%	7.5%	4.8%	8.2%	17.0%	20.2%
New Zealand	22.4%	10.2%	28.0%	13.0%	7.3%	8.1%	12.8%
Uruguay	0.1%	11.9%	18.0%	6.5%	5.9%	9.2%	6.8%
Brazil	0.8%	1.4%	4.9%	3.0%	1.4%	2.0%	0.9%

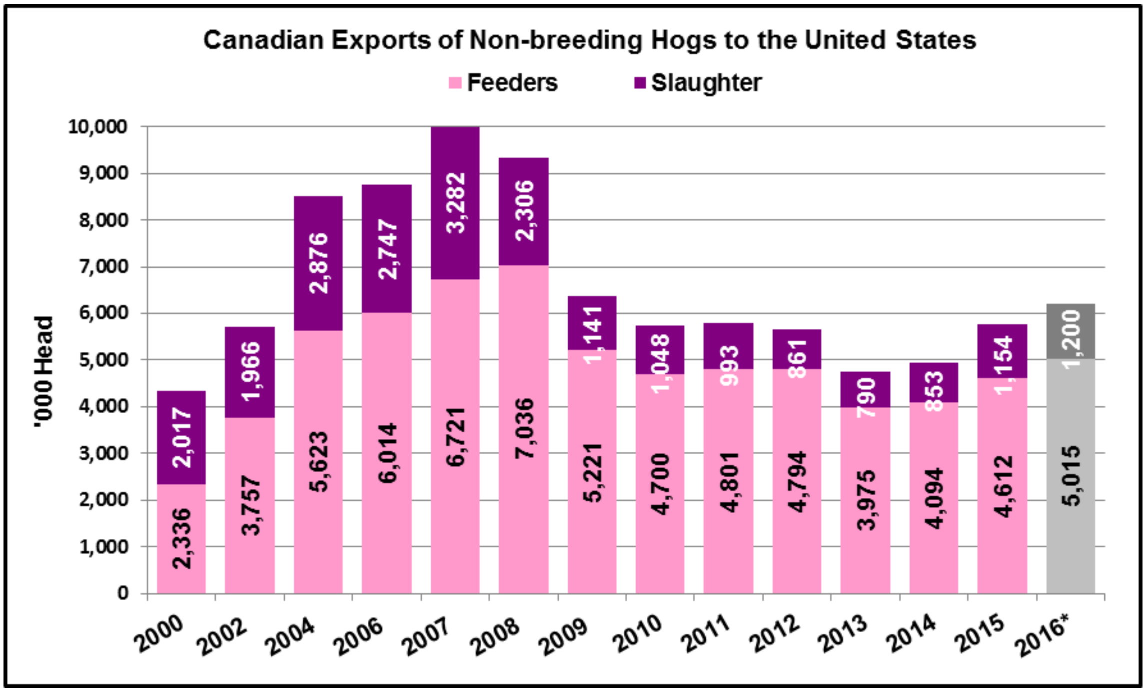
Source: Global Trade Atlas / *Conversion to carcass weight equivalent (CWE) at 1.4 for fresh, chilled and frozen meat, and at 1.79 for salted and processed meat

HOGS and PORK

CANADA Animal Numbers SWINE ('000 head)	2014		2015		2016	
	USDA Official Data	NEW Post Data	USDA Official Data	NEW Post Estimates	USDA Official Data	NEW Post Forecast
Total Beginning Stocks	12,940	12,940	13,165	13,165	13,300	13,250
Sow Beginning Stocks	1,191	1,188	1,195	1,195	1,200	1,215
Production (Pig Crop)	27,078	27,078	27,850	28,500	28,000	29,000
Total Imports	3	3	5	6	5	5
Total Supply	**40,021**	**40,021**	**41,020**	**41,671**	**41,305**	**42,255**
Total Exports	4,960	4,960	5,550	5,773	5,050	6,225
Total Slaughter	20,498	20,498	20,750	21,250	21,200	21,300
Loss	1,398	1,398	1,420	1,398	1,455	1,400
Ending Inventories	13,165	13,165	13,300	13,250	13,600	13,330
Total Distribution	**40,021**	**40,021**	**41,020**	**41,671**	**41,305**	**42,255**

The general outlook for the hog sector remains unchanged from the previous report, as the industry continues on its path of moderate growth. However, the depreciation of the Canadian dollar has helped both producers and packers, making exports of live hogs and of pork more competitive. Therefore, Post now expects that the magnitude of growth in exports of hogs and pork to be slightly larger than originally estimated.

Post forecasts sow inventories for January 1, 2016 at 1,215,000 head, or nearly 1.7 percent larger than on the same date in 2015. This growth is primarily supported by expansions in Quebec and Saskatchewan, because, despite increased opportunities for growth fueled by the weaker dollar, lending conditions and the environmental regulations in Manitoba remain a major constraint to a more robust expansion in the hog sector.



Post now estimates exports of live hogs at 6,225,000 head in 2016, up nearly 8 percent from the level reached in 2015. It must be noted that the 2015 hog volume now stands at 5,773,210 head, more than 16 percent larger than in 2014, as trade was driven by the continuing depreciation of the Canadian dollar.

Most of the growth in live hog exports will come from feeder hogs, as western provinces, especially Manitoba, but also to a lesser degree Ontario in the east, are expected to increase their shipments. Increased exports of slaughter hogs will be primarily fueled by Ontario, as the provincial sector continues to struggle with a reduced slaughter capacity.

CANADA Meat SWINE	2014		2015		2016	
	USDA Official Data	NEW Post Data	USDA Official Data	NEW Post Estimates	USDA Official Data	NEW Post Forecast
Slaughter (Reference)	20,498	20,498	20,750	21,250	21,200	21,300
Beginning Stocks	65	65	76	76	80	70
Production	1,805	1,805	1,840	1,890	1,880	1,900
Total Imports	214	214	220	216	210	210
Total Supply	**2,084**	**2,084**	**2,136**	**2,182**	**2,170**	**2,180**
Total Exports	1,218	1,218	1,210	1,234	1,210	1,250
Total Dom. Consumption	790	790	846	878	880	890
Ending Stocks	76	76	80	70	80	40
Total Distribution	**2,084**	**2,084**	**2,136**	**2,182**	**2,170**	**2,180**

Post estimates hog slaughter to remain nearly flat in 2016, after a 3.7 percent increase in 2015. In 2013, the Ontario slaughter capacity fell nearly 37,000 hogs per week with the closure of two plants. Some of the lost capacity was recovered, as one provincial packer increased its own capacity, and currently Ontario's slaughter capacity is estimated as 71,500 hogs per week, as opposed to 95,000 hogs per week three years ago. This situation has presented major challenges for the provincial hog producers as new markets had to be found for their finished hogs.

As indicated in our previous reports, the volume of Ontario hogs that cannot be slaughtered in the province is now shipped to three destinations: Quebec, Manitoba and exported to the United States. This arrangement is very likely to continue in 2016, although Post estimates that volumes of hogs moving to Quebec will decrease as that province increases its own hog production, while exports to the United Sates will increase, being supported by the weaker Canadian dollar.

Pork production in 2016 is now estimated at 1.9 million metric tons (MT), nearly unchanged from the 2015 volume of 1.89 million MT, as hog carcass weights are expected to remain flat. The 2015 pork production is almost 5 percent larger than the 2014 level, as both the number of hogs and the carcass weights increased in 2015.

While domestic pork consumption is expected to continue to increase in 2016 by a modest amount, after a significant surge of 11 percent in 2015, the bulk of Canada's pork production will continue to be exported. The depreciation of the dollar will keep fueling exports which are now estimated to reach 1.25 million MT in 2016, which would be the largest volume on record. The United States remains by far the top destination for Canadian pork, while the other major export markets like Japan, China, Mexico, South Korea, Taiwan and Hong Kong are expected to slightly increase their share in total Canadian pork exports.

At 210,000 MT, pork imports in 2016 are estimated to remain nearly flat compared to 2015, inhibited by the weak Canadian dollar, with the United States continuing to supply over 90 percent of this volume.

CANADA: Total Pork Exports (*Quantity in metric tons, CWE**)							
	1995	**2000**	**2005**	**2010**	**2013**	**2014**	**2015**
World	**366,189**	**659,814**	**1,083,686**	**1,159,196**	**1,246,000**	**1,218,131**	**1,233,916**
United States	257,416	420,854	477,899	395,559	404,305	445,981	491,468
Japan	51,434	125,661	304,063	259,966	219,367	227,922	252,556
China	299	1,929	18,045	38,998	131,126	100,882	114,183
Mexico	1,894	17,049	45,565	61,858	66,151	80,114	101,674
Korea South	5,211	14,181	57,708	56,065	49,131	46,067	48,062
Taiwan	996	6,254	12,262	27,120	30,984	32,331	45,463
Philippines	311	4,714	10,105	48,634	46,495	27,787	32,175
Australia	3,973	13,496	44,304	50,595	36,847	30,906	31,810
Hong Kong	4,717	5,947	4,015	31,439	13,355	15,583	20,167
Chile	824	1,053	873	7,752	14,326	15,873	14,205
New Zealand	2,813	10,836	8,688	10,861	11,517	9,418	13,658
South Africa	2,524	334	4,096	7,539	8,914	1,863	9,267
Colombia	296	545	1,540	3,222	12,907	11,091	7,895
Russia	8,819	8,110	25,499	99,563	114,532	113,661	34
All other countries	24,662	28,851	69,024	60,025	86,043	58,652	51,299
Export Market Shares							
United States	70.3%	63.8%	44.1%	34.1%	32.4%	36.6%	39.8%
Japan	14.0%	19.0%	28.1%	22.4%	17.6%	18.7%	20.5%
China	0.1%	0.3%	1.7%	3.4%	10.5%	8.3%	9.3%
Mexico	0.5%	2.6%	4.2%	5.3%	5.3%	6.6%	8.2%
Korea South	1.4%	2.1%	5.3%	4.8%	3.9%	3.8%	3.9%
Taiwan	0.3%	0.9%	1.1%	2.3%	2.5%	2.7%	3.7%

Source: Global Trade Atlas / *Conversion to carcass weight equivalent at 1.3

CANADA: Total Pork Imports (*Quantity in metric tons, CWE**)							
	1995	**2000**	**2005**	**2010**	**2013**	**2014**	**2015**
World	**31,119**	**67,759**	**139,445**	**183,377**	**220,392**	**213,666**	**215,830**
United States	26,320	61,883	129,818	177,495	207,556	195,952	194,541
Germany	134	0	0	0	4,485	5,253	4,903
Poland	0	0	81	81	97	1,714	3,088
Denmark	4,443	4,809	6,814	1,332	1,696	3,181	3,001
All other countries	222	1,067	2,732	4,469	6,558	7,566	10,297
Import Market Shares							
United States	85%	91%	93%	97%	94%	92%	90%
Germany	0%	0%	0%	0%	2%	2%	2%
Poland	0%	0%	0%	0%	0%	1%	1%
Denmark	14%	7%	5%	1%	1%	1%	1%

Source: Global Trade Atlas / *Conversion to carcass weight equivalent at 1.3