



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 03, 2015

For details call: (204)235-2237 or visit

www.hamsmarketing.ca

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

Forward contract prices opened lower this morning. An abundant hog supply combined with lower trending pork product values are putting pressure on cash hog markets, now trading below the \$60/cwt benchmark that has not been seen since early April. This week's US hog slaughter could prove to be one of the largest for the year, with the production schedules on pace for more than 2.32 million hogs. With the end of the 'National Pork Month' features, retailers are looking for alternatives to pork for their features. After the 20% and 30% drop in price over the last 5 months retail margins are now more competitive in beef and chicken. This market dynamic likely contributed to the losses in the pork cut-out experienced over the last week. However, wholesale pork prices finally found some soft support yesterday with modest gains in the belly and ham primal cuts. Winter month Lean Hog futures hit new contract lows yesterday, fueled by the recent cash market weakness and bearish media surrounding processed meat and cancer risk. Producers looking to add price protection in the winter timeframe are advised to set targets, \$4-\$6/ckg higher than current forward prices.

h@ms 2015 Fall Marketing Meeting Schedule (Remaining)		
Meeting	Date and Time	Location
Starbuck	Thurs., Nov. 12 - 2:00PM	Starbuck Community Hall - 25 Main Street

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading mixed considering the current nearby (and forecast) fundamental news. Nearby contracts are showing support following strong export data that has come in 94.1 million bushels above trade expectations last week. Deferred contracts, however, are under some pressure on thoughts that Brazil's planting weather is improving and some private estimates pegging November yields for the US crop at 47.5 bpa, up from the current 47.2 bpa October estimate. The November WASDE report will be released mid-trade on Tuesday the 10th.

US corn futures opened higher this morning. US corn futures are trading higher despite fundamentals that would otherwise suggest more pressure on the trade. Yesterday's Crop Progress report showed the US corn harvest is 85% complete compared to the 79% 5-year average and coming in 1% higher than average trade expectations. Export inspections came in among the lower end of expectations, continuing the trend, suggesting that US corn, despite the lows, needs to move lower in order to compete with rival global suppliers and clear the US market. Today's support is thought to be backstopped by strength in wheat and some short covering ahead of next Tuesday's WASDE report.

US Slaughter	
432,000	Monday
428,000	Monday (year ago)
W. Corn Belt	\$59.33
National Price	\$69.96
Daily Sig 3	\$142.41
Daily Sig 4	\$162.62
Thunder Creek	\$142.14
4-Month Fwd.	\$ 134.78
B of C Ex. Rate (Noon)	
\$1.3095 CAD / \$0.7637 USD	
Cash Prices Week Ending October 30, 2015	
Signature 3	158.97/72.11
Signature 4	171.75/77.91
h@ms Cash	157.47/71.43
Hylife	168.79/76.56
Thunder Creek	167.20/75.84
ISO Weans	\$38.04 US Avg.
Feeder Pigs	\$51.54 US Avg.
#1 Export Sows (Tagged)	n/a (+500lbs.)

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig. #3		126.64 130.85	124.46 134.09	137.70 140.71	140.64 144.25	144.86 152.06	159.64 169.28	170.48 176.50	169.74 177.10	158.76 173.23
Maple Leaf Sig. #4		131.49 135.22	128.92 135.91	139.64 142.91	144.24 147.04	147.97 153.78	159.61 169.87	170.33 174.53	172.19 178.03	168.22 172.42
Soymeal Winnipeg Delivered	456	459	462	460	460	458				
Corn	Local delivered price available on request									

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WINNIPEG LIVESTOCK
HWY #6 AND RD 236

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