



# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 04, 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 lower this morning.** US cash markets are maintained their lower trend, losing another \$1.50/cwt in most reporting regions yesterday. This takes cash prices to the lowest level since April 3, and is only \$2.00/cwt shy of the lowest level for the year. Packers are protecting their healthy operating margins by matching their cash bids to losses in wholesale pork prices. The pork cut-out was down nearly \$2.00/cwt from Monday's trade, with weakness seen in loins and bellies. With Pork belly values dropping another \$9.00/cwt yesterday, this critical cut has fallen 20% over the past week, and is the primary reason why the pork cut-out has eroded close to 10% of its value over the same timeframe. Lean Hog futures are hesitant to drop further, given that the December contract is already trading at a historically wide discount to the Lean Hog Index price. Hog markets are also seeing weakness come from the cattle complex, which has some contracts trading near limit down with influence from bearish cash market factors.

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 lower this morning.** Strength in other commodities, consistent demand and expectations of strengthening oil demand in the mid-term are supporting the trade this morning. Shipments of beans to China have been robust and there is talk that poor weather will lead to 20% lower palm yields in Indonesia and a 15% smaller soybean crop in India. However, fundamentals for the time being remain bearish amid an almost finished harvest, expectations of higher yield estimates and talk that Brazil could see as much as 100 MMT of production this year from good weather and a huge crop.

**US corn futures opened lower this morning.** The US corn trade remains stuck in a bear trend as the market attempts to reconcile meagre demand for the US crop with even lower global prices elsewhere. There is talk in the trade of reluctance to sell amid the lows, but the trade needs to compete with major competitors and spark demand for the US variants. Low export demand and expectations that yields for corn, like beans, will be raised is leading to talk the USDA could raise ending stocks in next week's WASDE report, potentially adding pressure to the bearish corn market.

US Slaughter	
435,000	Tuesday
429,000	Tuesday (year ago)
W. Corn Belt	\$57.90
National Price	\$68.74
Daily Sig 3	\$139.09
Daily Sig 4	\$159.92
Thunder Creek	\$138.66
4-Month Fwd.	\$ 132.45
<b>B of C Ex. Rate (Noon)</b>	
\$1.3106 CAD / \$0.7630 USD	
<b>Cash Prices Week Ending October 30, 2015</b>	
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		125.27 129.48	121.43 131.06	134.67 137.68	138.47 142.08	142.68 149.61	157.23 166.84	168.04 174.04	165.54 174.64	155.25 169.61
Maple Leaf Sig. #4		130.16 133.89	125.98 132.97	136.70 139.97	142.13 144.93	145.86 151.39	157.25 167.49	167.95 172.14	168.53 175.40	164.71 168.87
Soymeal Winnipeg Delivered	450	453	456	453	453	455				
Corn	Local delivered price available on request									

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**WINNIPEG LIVESTOCK**  
HWY #6 AND RD 236

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