



Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 10, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened mixed this morning. US cash markets are still under pressure amid large supplies that are expected to be sustained and come in 7.6% larger in the fourth quarter of 2015 as compared to 2014. All mandatory reporting regions came in lower from the previous day by \$1.32USD/cwt on average. CME lean hog index was also lower on the day, but the spread between the cash market and the nearby futures contract was 11.2 cents compared to a 0.78 cent 5-year average suggesting a significant convergence is in order. Lean hog futures are trading higher as of this writing, bouncing off 6-year lows (for the nearby contract) and approaching some key support levels yesterday. Fundamentally, there is little at the moment to support the move as large supplies are expected into the New Year. However, in the absence of any significant fundamental news, technical factors often factor more prominently, in this case for example, a relative strength index showing 6.9 (extremely oversold) combined with the market heading toward historical lows, likely providing rationale for the recovery. The extent to which the bounce will be sustained remains to be seen, and producers without price protection heading into the New Year are encouraged to assess their pricing needs in the midst of this volatility.

| US Slaughter | |
|---|-------------------|
| 440,000 | Monday |
| 425,000 | Monday (year ago) |
| W. Corn Belt | \$52.22 |
| National Price | \$63.26 |
| Daily Sig 3 | \$127.07 |
| Daily Sig 4 | \$149.06 |
| Thunder Creek | \$126.78 |
| 4-Month Fwd. | \$ 125.73 |
| B of C Ex. Rate (Noon) | |
| \$1.3275 CAD / \$0.7533 USD | |
| Cash Prices Week Ending November 07, 2015 | |
| Signature 3 | 139.02/63.06 |
| Signature 4 | 160.61/72.85 |
| h@ms Cash | 137.52/62.38 |
| Hylife | 156.25/70.87 |
| Thunder Creek | 154.90/70.26 |
| ISO Weans | \$35.73 US Avg. |
| Feeder Pigs | \$49.56 US Avg. |
| #1 Export Sows (Tagged) | n/a (+500lbs.) |

h@ms Marketing offices and forward contracting will be closed Wednesday November 11 for Remembrance Day

Canadian delivered soymeal prices opened lower this morning. Volumes are expected to be light ahead of today's WASDE report (released mid-trade) as most traders have already positioned themselves accordingly. Yield estimates range between 47.3 and 48.0 bpa (note both values are higher than the 47.1 bpa October estimate) and ending stocks are ranging between 375 and 474 million bu. (425 million bu. last month). While this would suggest a bearish report is forthcoming, the USDA has never been 100% consistent with pre-report estimates and will ultimately release its best estimates regardless of pre-report chatter.

US corn futures opened lower this morning. US corn remains bearish and the market is suggesting the trend is unlikely to change following today's report and is exacerbated by weak demand and a high USD. Pre-report estimates indicate corn yields have improved over the course of the harvest (now 93% completed, so essentially done) and are coming in between 166.6 and 170.1 bpa. The average estimate is 168.4bpa, slightly higher than October's 168.0 bpa. Ending stocks could be pushed as high as 1.702 billion bu. (1.561 last month), but the range between high/low estimates is currently 241 million bushels.

| Fixed Forward Range (at opening) | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sep |
|----------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|--------|
| Maple Leaf Sig. #3 | | 117.95 120.38 | 112.54 122.27 | 125.91 128.96 | 132.55 136.20 | 136.81 144.34 | 155.59 165.34 | 166.55 172.64 | 167.07 174.38 | 157.04 171.65 | 150.59 |
| Maple Leaf Sig. #4 | | 123.18 126.95 | 117.46 124.52 | 128.29 131.59 | 136.49 139.31 | 140.26 146.38 | 155.74 166.12 | 166.59 170.84 | 169.69 175.58 | 166.69 170.94 | 162.69 |
| Soymeal Winnipeg Delivered | 447 | 450 | 453 | 452 | 452 | 451 | | | | | |
| 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.

h@ms 2015 Fall Marketing Meeting Schedule (Remaining)

| Meeting | Date and Time | Location |
|---|---|--|
| Starbuck | Thurs., Nov. 12 - 2:00 PM | Starbuck Community Hall - 25 Main Street |
| UPDATE | Starbuck Meeting will include a Guest Speaker | UPDATE |
| 'SwineBooks Import Demo' presented by Will Marsh | | |