

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 13, 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 mixed this morning.** US cash markets found enough support to halt the bearish trend that has been relentless for the last 3 weeks. The combination of large pork, chicken and beef supplies all hitting the market in the last few weeks, the end to the 'National Pork Month' features, as well as sluggish export sales, created an overwhelming number of negative factors that fueled bearish speculation. The pork carcass cut-out while lower, has not fallen at the same pace as packer bids, down only about 15% over the last month. As a result, packer profitability is estimated to be near \$50/hog, the best that packers have experienced in several years. This is a positive factor that may promote a counter-seasonal recovery in cash bids, as long as hog numbers do not grow significantly larger over the next few weeks. Lean Hog futures have reflected this positive consideration by recovering nearly \$4/cwt in the winter month contracts so far this week, of the \$15/cwt of value taken out of the market over the previous two weeks. Forward and cash prices have received some support from a weaker Canadian Dollar, dropping to its lowest level since October 1<sup>st</sup>, largely responding to weaker oil prices due to burdensome supplies.

**Canadian delivered soymeal prices opened even this morning.** US soybean futures are trading lower, continuing the trend that followed the release of the November WASDE report. In technical terms, there is talk that the market is poised for a short term recovery. However, US stocks are in abundance, S. American weather is cooperative (amid talk of 100 MMT of production coming from Brazil this year), and global demand is uncertain, albeit steady so far. Current US prices are at their lowest levels in years and there is talk that the market could be pushed lower amid the ample supplies. The weak Canadian dollar is 'adding' approximately \$63 CAD/MT for S.Man deliveries at current exchange rates relative to last year.

**US corn futures opened lower this morning.** Like soybeans, the US corn trade is in a bearish trend that has only been exacerbated by the release of the November WASDE report. Corn has struggled against low energy prices, the high USD, meagre export demand, cheaper variants from competitors, and the WASDE report only added to that pressure. There is talk that the March contract, currently trading in the \$3.60s USD/bu. will be competitive and could become more so by expiration. However, it now appears that farmer reluctance to sell below \$4 is not restricting supplies in any meaningful way and further downside is possible.

US Slaughter	
403,000	Wednesday
430,000	Wednesday (year ago)
W. Corn Belt	\$51.70
National Price	\$60.24
Daily Sig 3	\$126.11
Daily Sig 4	\$142.29
Thunder Creek	\$126.29
4-Month Fwd.	\$ 128.43
<b>B of C Ex. Rate (Noon)</b>	
\$1.3307CAD / \$0.7515 USD	
<b>Cash Prices Week Ending November 14, 2015</b>	
Signature 3	127.06/57.63
Signature 4	146.89/66.63
h@ms Cash	125.56/56.95
Hylife	n/a
Thunder Creek	135.80/61.60
ISO Weans	\$35.73 US Avg.
Feeder Pigs	\$49.56 US Avg.
#1 Export Sows (Tagged)	n/a (+500lbs.)

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		120.09 122.54	119.71 125.82	128.27 131.33	133.94 137.61	138.23 145.35	154.83 167.05	168.27 174.37	167.87 175.18	158.67 173.28	152.94
Maple Leaf Sig. #4		126.24 130.03	125.40 129.19	132.03 135.35	138.83 141.67	142.62 148.32	155.49 167.79	168.27 172.52	170.46 176.36	168.27 172.52	164.97
Soymeal Winnipeg Delivered	443	446	451	450	450	450					
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  


### 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

