



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 16, 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. US cash markets finished last week decisively lower, with abundant supplies available to packers resulting in a weekly slaughter of 2.388 million hogs, 7.5 % above year ago levels and the highest weekly slaughter in the last 3 years. Hog slaughter is expected to peak over the next few weeks at around 2.4 million head. The hog supply is still well short of the weekly processing capacity, but heavy supplies of beef and chicken hitting the market continue to apply bearish price pressure. Packers are benefitting from impressive operating margins, as wholesale prices have not declined at the same pace as cash bids. Lean hog futures have been quick to factor in the recent 30% drop in cash prices, but the relatively firm wholesale pork market has some traders betting that the market is oversold which should provide some support at current levels. However, when all market fundamentals are considered, including export sales, the impact of competing meats and the abundant supplies, upside potential appears limited in the next few months.

Canadian delivered soymeal prices opened lower this morning. Large export inspections have not been enough to offset the current bearish trend in US soybean futures. US export data showed 1.319 MMT beans were exported last week compared to trader expectations between 600,000 and 1.0 MMT. However, new crop sales have not been faring as well; oil, meal and bean sales are all down relative to last year. As well very large production from S. America is anticipated along with expectations of increased crop acreage in the US next season. Assuming normal weather, an increase in US acreage would likely increase production to record highs in consecutive years.

US corn futures opened higher this morning. The US corn trade is finally seeing some support after sustained pressure developed on the trade in mid-July. The nearby contract tested, but did not breach, the previous \$3.57 USD/bu. low last seen on August 12, an indication that the bottom may be reached for the time being. However, large production volumes and low energy prices are pressuring, a high US dollar is making US corn less competitive internationally, and there are ideas that even more corn from S. America will make its way to market as the weather remains largely cooperative.

US Slaughter	
2.388 mil.	Last Week
2.222 mil.	Last Week (year ago)
W. Corn Belt	\$51.60
National Price	\$59.14
Daily Sig 3	\$126.10
Daily Sig 4	\$139.94
Thunder Creek	\$126.21
4-Month Fwd.	\$ 126.39
B of C Ex. Rate (Noon)	
\$1.3332 CAD / \$0.7501 USD	
Cash Prices Week Ending November 14, 2015	
Signature 3	127.06/57.63
Signature 4	146.89/66.63
h@ms Cash	125.56/56.95
Hylife	143.00/64.86
Thunder Creek	135.80/61.60
ISO Weans	\$33.12 US Avg.
Feeder Pigs	\$47.46 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		119.01 120.23	116.36 122.48	124.93 127.99	129.99 133.67	134.28 141.62	151.91 164.15	165.37 171.49	164.63 172.10	155.17 169.80	146.95 150.61
Maple Leaf Sig. #4		125.21 126.86	122.16 125.95	128.80 132.12	135.01 137.85	138.80 144.73	152.67 165.00	165.47 169.74	167.34 173.24	164.90 169.16	156.35 162.73
Soymeal Winnipeg Delivered	441	444	449	449	449	451					
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

