Hog Margin Outlook
Meeting Your Marketing Needs

Tuesday, November 17, 2015

For details call: (204)235-2237 or visit www.hamsmarketing.ca

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

US Slaughter

438,000	Monday
428,000	Monday (year ago)
W. Corn Belt	$51.03
National Price	$58.60
Daily Sig 3	$124.90
Daily Sig 4	$138.88
Thunder Creek	$124.91
4-Month Fwd.	$ 124.05

B of C Ex. Rate (Noon)
$1.3353 CAD / $0.7489 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)	$34.50/cwt. (+500lbs.)

Forward contract prices opened lower this morning.
US cash markets continued lower, falling to their lowest level in more than 5 years as supplies exceed demand. Last week's slaughter of 2.388 million hogs was close to 7.5% larger than the same week last year, but demand factors have failed to improve with increased competition from beef and chicken, and export sales still struggling to match levels experienced in 2013. Packers have managed their profit margins by dropping cash bids quickly, while the cutout has eroded more slowly. Yesterday, Lean Hog futures dropped the permissible daily limit of $3.00/cwt as traders grew less certain of a recovery given the weak cash market fundamentals. New contract lows were experienced in all offered contracts with traders adapting their long term market view to account for the heavy supply of all meat protein. Producers should consider covering as much as 1/3rd of their summer production using target prices set at $170/ckg, in order to mitigate the lingering effects of the heavy meat supplies that could accumulate over the next 8 months.

Canadian delivered soymeal prices opened higher this morning.
US soybean futures are trading higher on thoughts that a seasonal bounce may be behind the recent turnaround. As well, Chinese buyers purchased 180,000 MT for the week, helping cumulative sales to reach 2.61 MMT compared to expectations between 1.9 and 2.1 MMT; sales are now just 0.2% behind 5-year averages. However, there are thoughts that the bounce could be relatively short lived on expectations that Argentina will start marketing meal more aggressively while also noting some weakness in the Chinese market. A bearish fundamental picture is also looming, but robust export demand is offsetting the pressure for now.

US corn futures opened mixed this morning.
US corn continues to struggle to gain momentum, trading lower early this morning after following a mild recovery yesterday. The support was thought to be in part a reaction to a slight increase in energy markets and export numbers showing corn exceeded expectations, coming in at 952,000 MT, beating the upper trade estimate by 102,000MT. Technical indicators showing an extremely oversold position provided some additional rationale for yesterday's strength. However, there are thoughts that the support will be short lived noting the large funds have cut net long positions to six month lows while picking up 75,000 short positions in just one week.

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		116.68 117.90	116.10 120.38	122.82 125.87	127.41 131.08	131.69 138.98	149.61 161.82	163.04 169.15	163.50 170.83	154.21 168.87	147.00 150.66
Maple Leaf Sig. #4		122.91 124.57	120.12 123.90	126.74 130.06	132.49 135.33	136.28 142.15	150.43 162.73	163.21 167.46	166.25 172.17	164.00 168.26	156.43 162.82
Soymeal Winnipeg Delivered	440	443	448	448	448	450					
Corn	Local delivered price available on request										

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STRENGTH IN NUMBERS

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