



Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 18, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened higher this morning. US cash markets are finding little support as hog supplies are abundant and packers are protecting their healthy operating margins. Last week's slaughter of 2.388 million hogs is likely to be surpassed this week and come in near 2.4 million hogs. When combined with hog carcass weights that are second heaviest only to year ago levels, weekly pork production hit an all-time record high of 507 million pounds last week. The heavy supply of pork, beef and chicken provides rationale for the weakest cash prices since 2009. Lean Hog futures have also reflected the bearish supply situation, but the rally experienced in the winter month contracts over the last two days (recovering about 7% of their value) is evidence that the market may have bottomed for the short term. Producers should consider building a hedge position of 30% of their intended summer and fall production, as current forward prices are holding nearly a 40% premium to the cash market at a time when market fundamentals are seeing significant uncertainty.

Canadian delivered soymeal prices opened lower this morning. Talk that the market has already priced in cooperative S. American weather and large production expectations in both hemispheres leaves the market poised for a recovery amid the lows, bolstered by a technically oversold position; in such cases, any positive demand data or supply disruption news could change the tone of the trade quickly. Many don't believe there is much room to move lower, despite the bearish fundamental picture. However, the seasonal support has yet to materially develop and the market can only wait and see until some fresh news hits the trade. Local meal dropped more than \$15.00 CAD/MT yesterday on weakening local basis.

US corn futures opened mixed this morning. Like beans, bearish supply and technical indicators showing an oversold position leave the corn trade ripe for a recovery that has yet to develop substantially. The relatively high US dollar, weak energy markets and consistently meagre export data is preventing such a move. Although corn was trading higher early this morning, there are thoughts that this is only a minor bounce, likely based on technical signals. However, there is talk demand could pick up in export markets as US competitiveness improves with sub-\$4.00 USD/bu. corn.

US Slaughter	
436,000	Tuesday
422,000	Tuesday (year ago)
W. Corn Belt	\$50.96
National Price	\$58.24
Daily Sig 3	\$124.46
Daily Sig 4	\$137.74
Thunder Creek	\$124.38
4-Month Fwd.	\$ 127.55
B of C Ex. Rate (Noon)	
\$1.3324 CAD / \$0.7505 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.)

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		119.22 120.44	117.55 123.67	126.12 129.17	131.62 135.29	135.90 142.96	153.53 165.74	166.96 173.06	166.57 173.89	157.00 171.65	148.34 152.00
Maple Leaf Sig. #4		125.39 127.05	123.31 127.10	129.94 133.26	136.58 139.42	140.37 146.00	154.23 166.52	166.99 171.25	169.22 175.13	166.69 170.95	157.71 164.09
Soymeal Winnipeg Delivered	422	427	430	431	431	434					
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.

STRENGTH IN NUMBERS



Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

