



Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 19, 2015

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

www.hamsmarketing.ca

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

Forward contract prices opened mostly lower this morning.

US cash markets traded lower yesterday, with most regional cash markets reporting prices just slightly higher than \$50/cwt, the lowest level since the fall of 2009. Pork production is anticipated to break the record set last week; the slaughter pace is already 50,000 hogs ahead of last week, and anticipated to exceed 2.4 million hogs for the week. While packers have been experiencing steadily lower prices in the wholesale pork market for the last month, the price slide has been far slower than the trend experienced in cash hog values. If packer operating margins remain healthy, a recovery in cash prices should start when hog numbers start to ease and become more manageable in December. Lean Hog futures currently imply a cash market rally of 33% over the first half of 2016, which would represent a better-than-average rally when compared to the historical trend. Current forward prices being offered in the May-August timeframe are running about \$5-\$10/ckg less than the 5 yr. average prices (excluding 2014), in large part due to the weak Canadian Dollar.

Canadian delivered soymeal prices opened lower this morning.

US soybean futures are trading higher, bouncing somewhat after approaching key support levels in an oversold condition yesterday. There is not much bullish news on the horizon and this will likely keep the upside in check. In fact, there is talk that Chinese crush margins are weakening along with growing stocks at port. In addition, timely rain in S. America is providing moisture to developing crops at precisely the right time, adding to the idea that large volumes will be produced at harvest barring any unfortunate weather or disease disruption. Export demand is expected to come in at seasonal levels and the market is called steady to lower until more news develops.

US corn futures opened higher this morning.

Like beans, US corn is recovering from market lows last seen in August. Also like beans, modest export demand is keeping any breakout potential in check. Unlike beans, domestic demand is far more important for the US corn trade than it is for soybeans and although a positive export development would provide support, the corn trade would much rather see increases in energy and feed markets which make up a combined 76% of the demand side, according to the November WASDE report.

US Slaughter	
437,000	Wednesday
426,000	Wednesday (year ago)
W. Corn Belt	\$50.29
National Price	\$57.88
Daily Sig 3	\$123.09
Daily Sig 4	\$137.19
Thunder Creek	\$123.25
4-Month Fwd.	\$ 126.69
B of C Ex. Rate (Noon)	
\$1.3353 CAD / \$.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.)	

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		119.46 120.68	116.41 122.50	124.94 127.98	130.42 134.07	134.68 142.53	151.51 163.73	164.95 171.07	164.67 172.00	154.89 169.55	146.70 150.37
Maple Leaf Sig. #4		125.58 127.24	122.16 125.94	128.77 132.07	135.37 138.20	139.14 145.60	152.28 164.59	165.06 169.32	167.39 173.30	164.66 168.92	156.14 162.53
Soymeal Winnipeg Delivered	421	425	429	429	429	433					
Corn	Local delivered price available on request										

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