



Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 23, 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 packers added money to their cash bids on Friday, even as hog supplies remain abundant across all reporting regions in the US. Last week's slaughter was estimated by the USDA at 2.4 million hogs, the largest hog slaughter in 8 years and when combined with carcass weights, the largest week of pork production on record. This week's slaughter will be heavily impacted by the US Thanksgiving Holiday (lower by 200,000 head) due to all plants being closed on Thursday. In order to initiate a price recovery, a number of things will have to come together including producers maintaining their current shipping schedule, exports continuing to improve (without the help of currency markets), and chicken and beef prices also finding a bottom to their sharp decline of the last six months. Producers should consider covering a portion of their 2016 production, with spring and summer forward prices trading at fair value given the current cash market situation and significant uncertainty.

Canadian delivered soymeal prices opened lower this morning. The US soybean futures trade has yet to develop any recovery and is trading lower. Bearish fundamental data, a technically oversold position and thoughts that demand from China will wane amid declining crush margins have all been weighing on the trade, but those factors were largely built in already. Today's pressure follows the Argentine runoff election held on Sunday, where a new government will take power in December. It is widely believed Argentina will now slash export taxes on all grains (rumored to approach nil for 'a while'). Significant exports from the region are expected to materialize; the trade has reached 6-year lows.

US corn futures opened lower this morning. Pressure returns to the corn market from other grains, bearish fundamental data, and the ongoing export challenges that have plagued the US corn trade for some time now. Last week's support was widely thought to be merely technical in nature and to be relatively short lived. Adding to supply issues (as in, too much supply) are thoughts that S. American corn will make its way into the US via the eastern seaboard on sheer competitiveness. As well, there is further talk that more acres could be incentivised following the Argentine election.

US Slaughter	
2.400 mil.	Last Week
2.243 mil.	Last Week (year ago)
W. Corn Belt	\$51.95
National Price	\$57.16
Daily Sig 3	\$127.01
Daily Sig 4	\$135.32
Thunder Creek	\$127.02
4-Month Fwd.	\$ 134.20
B of C Ex. Rate (Noon)	
\$1.3338 CAD / \$0.7497 USD	
Cash Prices Week Ending November 21, 2015	
Signature 3	124.17/56.32
Signature 4	138.04/62.61
h@ms Cash	122.67/55.64
Hylife	135.94/61.66
Thunder Creek	126.20/57.24
ISO Weans	\$32.61 US Avg.
Feeder Pigs	\$41.99 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		126.97	123.26 129.38	131.83 134.99	136.07 139.74	140.35 147.93	157.49 169.76	170.98 177.11	170.26 177.72	159.75 174.42	148.99 153.27
Maple Leaf Sig. #4		132.91	128.85 132.91	135.48 138.80	140.89 143.73	144.68 150.85	158.09 170.44	170.92 175.19	172.81 178.72	169.37 173.63	151.38 165.35
Soymeal Winnipeg Delivered	415	420	423	424	424	427					
Corn	Local delivered price available on request										

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