

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 24, 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 started the week with slightly lower bids, as packers have confidence they have production requirements covered for the holiday-shortened work week. Pork production continues at a record pace, with last week's total topping 510 million lbs., the largest week on record. Packers still have strong positive incentive to maximize their production schedules as operating margins remain excellent, a result of the large spread between what packers are paying for the hogs and the value of the wholesale pork sold. However, by-product values have been weak for the last several months, contributing only half as much to packer profitability as they did last year at this time. The heavy supply of pork, as well as chicken and beef, leave the market with limited potential for a quick recovery, especially as export markets seem stuck in a slow, but positive growth trend. Nearby Lean Hog futures regained approximately 7% of their value over the last week. Producers looking to bring certainty to their cash flow can secure a price of \$130/ckg to the end of February.

Canadian delivered soymeal prices opened higher this morning. US soybean futures are trading higher, following a 6-year low on (more) bearish news coming from Argentina, suggesting an eminent influx of beans on world markets stemming from a policy shift following recent elections. However, there is criticism that the selling has been overdone and coupled with a technically oversold position, the trade is ripe for a turnaround that appears to have begun mid-trade yesterday. Simply put, today's support is viewed to be the function of a market correction to an overreaction, but it remains to be seen where the trade finally settles.

US corn futures opened lower this morning. Some mildly positive export news showing 494,000 MT in export inspections relative to the previous week's 381,000 MT has not been enough to provide any support to the US corn trade. One of the reasons is that despite the better performance, 950,000 MT are needed each week to meet USDA estimates for current crop marketing year. This is significant because if estimates are not met, surplus becomes added to the balance sheet, adding supply to already large supply numbers, exacerbated by poor domestic and foreign demand.

US Slaughter	
440,000	Monday
436,000	Monday (year ago)
W. Corn Belt	\$51.86
National Price	\$57.22
Daily Sig 3	\$126.97
Daily Sig 4	\$135.67
Thunder Creek	\$126.81
4-Month Fwd.	\$ 130.78
B of C Ex. Rate (Noon)	
\$1.3357 CAD / \$0.7487 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)	N/A (+500lbs.)

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		124.52	120.12 126.23	128.67 131.73	132.27 135.93	136.54 143.80	153.41 165.62	166.85 172.95	167.56 174.91	157.76 172.46	148.33 152.62
Maple Leaf Sig. #4		130.52	125.79 130.52	132.41 135.73	137.20 140.04	140.99 146.83	124.11 166.42	166.89 171.15	170.21 176.14	167.48 171.75	150.76 164.75
Soymeal Winnipeg Delivered	421	426	429	431	431	434					
Corn	Local delivered price available on request										

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h@ms Marketing Forward Contracting will be closed

Thursday, Nov. 26 due to US Thanksgiving.

Markets are closed and the Hog Margin Outlook and opening price reports will not be distributed. Business resumes on Friday, Nov. 27, but forward contracting closes one hour early. The office is open.

STRENGTH IN NUMBERS

