

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 25, 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 were largely unchanged from Monday's trade, with packers easily meeting their reduced slaughter schedules. Packer operating margins remain very profitable, which should encourage steady movement of the live hog supply during this timeframe. The seasonal trend in hog supply has numbers commonly peaking in late November due a combination of improved conception rates and growing conditions over the previous 10 months. Cash hog prices typically improve between now and Christmas, but this trend is contingent upon stable or growing demand which could be at risk due to sluggish export sales and heavy supplies of chicken and beef. In fact, the USDA's Cold Storage report showed supplies of chicken and beef up more than 30% over 2014 levels, while pork inventories were 13% larger than a year ago. Pork, however, did see a drawdown in stocks of 8% from September to October. Forward contract prices reflect a more cautious view on behalf of Lean Hog futures trades, with Dec-Feb prices representing a steady trend from current cash values.

Canadian delivered soymeal prices opened lower this morning. US soybean futures are trading higher. There is talk, though, that much of the US strength currently comes from some short covering ahead of holiday-reduced trading sessions (closed tomorrow) due to US Thanksgiving. This suggests the support could be relatively short lived as more bearish news is on the horizon. The big uncertainty is the depth and degree to which Argentina will release stocks of beans (and meal) onto world markets following policy changes after the recent election. Argentine farmers have been holding grain stocks as a currency hedge and there are thoughts many farmers will begin sales once again when new policies come into force.

US corn futures opened higher this morning. Like beans, short covering activity ahead of US Thanksgiving is thought to be providing much of the support this morning. Also like beans, there is very little news that a sustained recovery is in the works as the regime change in Argentina is also weighing on the trade. There are thoughts that export competition will increase significantly as Argentina can tap into an estimated 21.4 MMT in stocks currently believed to be held back. This doesn't bode well for US corn prices where export demand is 20.5% behind the 5-year average and domestic industrial demand remains weak.

US Slaughter	
438,000	Tuesday
437,000	Tuesday (year ago)
W. Corn Belt	\$51.84
National Price	\$57.92
Daily Sig 3	\$126.46
Daily Sig 4	\$136.82
Thunder Creek	\$126.27
4-Month Fwd.	\$ 132.18
B of C Ex. Rate (Noon)	
\$1.3308 CAD / \$0.7514 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		127.19	121.00 127.19	129.55 132.60	133.99 137.66	138.27 145.19	155.62 167.80	169.02 175.11	169.19 176.50	159.38 173.99	148.66 152.92
Maple Leaf Sig. #4		133.10	126.63 133.10	133.26 136.57	138.86 141.90	142.65 148.15	156.24 168.50	168.98 173.22	171.74 177.63	168.96 173.20	151.03 164.95
Soymeal Winnipeg Delivered	419	423	428	429	429	431					
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.



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

