Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 27, 2015

For details call: (204)235-2237 or visit
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***Hog Prices*:↓ *Soymeal*:↑**
***Corn*:↓ *CDN Dollar*: ↑**

US Slaughter	
440,000	Wednesday
421,000	Wednesday (year ago)
W. Corn Belt	$51.69
National Price	$57.58
Daily Sig 3	$126.01
Daily Sig 4	$135.94
Thunder Creek	$126.22
4-Month Fwd.	$ 132.18

B of C Ex. Rate (Noon)
$1.3300 CAD / $0.7519 USD

Cash Prices Week Ending November 28, 2015	
Signature 3	126.57/57.41
Signature 4	136.06/61.72
h@ms Cash	125.07/56.73
Hylife	135.11/61.29
Thunder Creek	124.40/56.43

ISO Weans $32.61 US Avg.

Feeder Pigs $41.99 US Avg.

#1 Export Sows (Tagged)
N/A (+500lbs.)

Forward contract prices opened lower this morning. *US cash markets are expected to finish the week on a weaker trend, with packers easily meeting their slaughter requirements for an expanded Saturday slaughter. The daily slaughter was estimated by the USDA to be 440,000 hogs on Wednesday and projected to be similar again today, but with no plants running yesterday (US Thanksgiving), this week's slaughter will likely be less than 2.2 million hogs. A recovery in cash bids is contingent on wholesale pork prices maintaining a steady trend which would allow packers to maintain their positive profitability. However, supplies are expected to run 4-5% higher than year ago levels for the next several weeks, which when combined with growing carcass weights, will maintain total pork production at near record high levels. Lean Hog futures have recovered close to $4.00/cwt in value over the last 10 days, but further gains could be difficult to achieve while cash prices remain under pressure. Given the bearish cash market outlook, near-term forward contract prices reflect fair value amidst the higher production and the impact of lower prices of chicken and beef.*

Canadian delivered soymeal prices opened higher this morning. *Too much rain in some Brazilian growing regions and profit taking from technical short covering were providing support for the nearby contracts to finish of this holiday-shortened trading week. The early AM trade has seen support in the nearby contracts but some pressure has since materialized on thoughts of large back to back crops in both North and South America and especially of the potential for a flush of supply coming from Argentina. Talk that Indian oilseed planting is significantly behind the normal pace and word that some palm growing regions are facing some dry weather is keeping the downside in check.*

US corn futures opened lower this morning. *US corn futures appear not to be able to shake off the bearish tone that has pushed contracts to lows not seen since 2010 despite some recently positive demand news. Ethanol production (normally claiming 40+% of total annual crop demand in the US) improved 3.4% from last week (2.6% over last year) to 1.008 million bpd. However there is talk that this increase was expected and already built into the market as a function of seasonality, and therefore was not able to build any significant support. There is talk the continued pressure is likely a function of the uncertainty surrounding new policies in Argentina (also impacting beans) as markets brace for an influx of product.*

Fixed Forward Range (at opening)	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep
Maple Leaf Sig. #3		128.34	119.48 128.34	128.05 131.11	130.75 134.42	134.89 141.58	152.25 164.42	165.64 171.73	165.95 173.26	156.69 171.31	147.19 151.46
Maple Leaf Sig. #4		134.24	125.24 134.24	131.83 135.15	135.74 138.58	139.53 144.65	152.97 165.23	165.70 169.95	168.60 174.50	166.36 170.60	149.61 163.53
Soymeal Winnipeg Delivered	420	425	430	432	432	433					
Corn	Local delivered price available on request										

STRENGTH IN NUMBERS

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h@ms Marketing Forward Contracting will be closed one hour early today due to reduced hours at the CME in Chicago. Normal business resumes Monday, November 30.

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