

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 25, 2020

For details call: (204)235-2237 or visit  
[www.hamsmarketing.ca](http://www.hamsmarketing.ca)

## US Slaughter

468,000 Wednesday  
 473,000 Year Ago

## Daily Prices

WCB	\$28.34
ISM Formula	\$43.42
National	\$50.53
Nat'l Cutout	\$58.03
Signature 4	\$121.89
BP4/TCP4	\$121.89
OlyWest 2020	\$107.33
HyLife (prev. day)	\$120.19
HyLife Cutout	\$147.84

**BoC Rate (Noon) prev. day**  
 \$1.3591 CAD / \$0.7360 USD

## Cash Prices Week Ending

June 20, 2020

Signature 4	127.61/57.88
h@ms Cash	125.61/56.98
HyLife	125.37/56.87
HLF Cutout	149.69/67.90
BP4/TCP4	133.52/60.56
OlyWest	119.20/54.07

**2020 Top-Up (YTD Rolling Est.)**

\$18.74 CAD/ckg

ISO Weans \$6.38 US Avg.

Feeder Pigs \$14.80 US Avg.

## Forward contract prices opened mostly mixed this morning.

US cash reference markets are mixed with the WCB negotiated region down \$0.19 (and remaining under the \$30 value for the fourth consecutive time this week), ISM Formula base down \$1.03, National \$0.55 lower, while the National Cutout-adjusted base price was up \$1.17 USD/cwt after a strength in the cutout was revealed in yesterday's pricing report. While any number of metrics can be commented on in an attempt to gauge the tone of the market, all market participants are eagerly awaiting the Quarterly Hogs and Pigs report which will be revealed after trading hours later this afternoon. There are a lot of opinions on the status of the herd, highlighted by the pre-report estimates showing a wide 24.6% spread between the 'lowest' and 'highest' estimate on the hogs over 108 lbs. category for example and implying uncertainty on the extent of euthanasia for market ready animals. Regardless, the market will look to the report for clues and it will likely be discussed at length, especially if it is considered 'controversial'. Categories to keep an eye on include Kept for Breeding, Under 50 lbs., Over 180 lbs., and any information on farrowing intentions especially for those that will be market-ready in the fourth quarter. Results will be known this afternoon and published here on Friday. In the meantime, the Weekly Export Sales report was released this morning which, while outperforming some metrics, did not provide much bullish news and could be described as disappointing. Net sales (new commitments) came in at 24,000 MT which was 38% lower than week ago and 9% off the pace normally seen for week ending June 18. Of that, China only committed to 4,500 MT in new commitments which will be something to watch as it is considered low relative to recent history (and expectations). Physical deliveries for the primals monitored (the weekly report does not include all pork products) were 23% higher than the five-year average but 12% lower than week-ago and much lower than the pace that was near double the averages until about week ending May 16. Lean hog futures are choppy and two-sided in the early morning trade on a busy report day.

Analysts' Expectations vs. June Quarterly Hogs and Pigs Report			
	Range of estimates (% of 2018)	Avg. Pre-report	USDA Report
All hogs	102.1-105.1	103.7	
Breeding	97.4-98.8	98.1	
Marketing	102.4-105.7	104.2	
>180 lbs.	102.2-126.8	116.6	
120-179 lbs.	104.0-106.3	105.2	
50-119 lbs.	98.0-106.3	102.6	
<50 lbs.	87.8-104.2	97.8	
Source: citing Reuters in DLR; USDA-NASS			

## Canadian delivered soymeal prices opened lower this morning.

While New net sales of US soybeans are still reflecting typical seasonality, the 601,800 MT reported did come in at the upper end of the range. China has been buying US beans, but they have yet to enter the market in force. Typically, China does not commit to substantial volumes until the end of August so while today's reported volumes should not be considered surprising, it is a bit disappointing against the backdrop of Phase One 'hopes'. Physical deliveries were disappointing at 302,500 MT, 22% lower than week ago and 31% lower than the five-year benchmark.

## US corn futures opened lower this morning.

New net sales of US corn came in 29% higher than week-ago but 9% lower than the five-year average. US net corn sales still reflect typical seasonal patterns as they have for almost all this year with minor exceptions in March which were higher than average. Physical deliveries for week ending June 18 were 50% higher than last week and 15% higher than the five-year average. Like net sales, deliveries are also within the seasonal ranges albeit slightly higher than the averages for the reporting period.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig 4		121.87	128.48 132.47	126.90 131.50	125.47 132.78	128.67 132.78	126.24 130.12	126.24 139.84	143.70 145.64	147.16 153.44	153.44
Soymeal Delivered Wpg/S.Man	461	464	468	469							

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Hams Marketing Services will be closed Wed, July 1 for Canada Day.

Risk Management will be closed one hour early on Thurs, July 2 and all day on Fri, July 3 for Independence Day (USA). Main office is open on the 2<sup>nd</sup> and 3<sup>rd</sup>. The HMO and morning price reports will not be published on the national holiday days.

