

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 30, 2020

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

## US Slaughter

468,000	Monday
456,000	Year Ago

## Daily Prices

WCB	\$28.65
ISM Formula	\$44.31
National	\$50.57
Nat'l Cutout	\$58.07
Signature 4	\$122.81
BP4/TCP4	\$140.00
OlyWest 2020	\$110.83
HyLife (prev. day)	\$121.72
HyLife Cutout	\$149.70

**BoC Rate (Noon) prev. day**  
\$1.3682 CAD / \$0.7310 USD

## Cash Prices Week Ending

June 27, 2020

Signature 4	122.63/55.62
h@ms Cash	120.63/54.72
HyLife	121.64/55.18
HLF Cutout	148.52/67.37
BP4/TCP4	127.61/57.88
OlyWest	111.20/50.44

2020 Top-Up (YTD Rolling Est.)

\$19.02 CAD/ckg

ISO Weans \$6.07 US Avg.

Feeder Pigs \$14.25 US Avg.

## Forward contract prices opened mostly higher this morning.

US cash reference markets are mixed ahead of Canada Day with the negotiated WCB region down \$0.31, ISM Formula \$0.06 higher, and the two National reference regions both lower by \$0.37 USD/cwt. Despite increasing throughput at the processing plants, cash prices have yet to mount a solid response although the intense pressure has abated somewhat. The US packers have been able to ramp up production ahead of previous estimated timelines following Covid-19 plant closures and the last few weeks have seen weekly kills over year ago levels. Saturday slaughter is at a level not typically seen until the autumn suggesting processors are working to get through the backlog of hogs that currently ranges between 1.2 million and over 2 million animals depending on the analyst. Regardless, there is a general consensus that there is a backlog of live, market-ready hogs on farms and the USDA's Quarterly Hogs and Pigs report has indicated there will likely be a lot of live supplies in the fourth quarter as well. Concerns on demand due to poor economic indicators, high US unemployment, fears of second Covid-19 outbreaks that are presently being highlighted in some of the southern states, and ideas that demand for pork will suffer as a result will likely weigh on pricing for the short to mid-terms. On a brighter note, and for the first time since week ending May 16, net value of the carcass cutout came in higher than the previous week. Even though it is quite early in the week, if the trend remains, it could indicate a near term bottom in the value of the carcass. This could suggest that demand is improving at wholesale and may have a supportive impact on hog prices. But the issues highlighted above still remain and until resolved more clearly will likely keep any sharp increase or other rally in check. Lean hog futures are trading amid contract lows after the drop that was witnessed last Friday following Thursday's Hogs and Pigs report. Again, the issues highlighted above are keeping any rallies at bay as well as concerns on China who have recently placed restrictions on some meat products coming from Brazil, Canada, Germany and others presumable due to Covid-19 outbreaks at the affected plants. The futures market will need to see much stronger evidence of a recovery in demand and much less uncertainty in the export markets before they are able to price in more optimism. For now, the remaining 2020 contracts are ~31% lower than value benchmarks while the 2021 offerings are slightly more optimistic and coming in 'only' ~9% lower than five-year cash averages. h@ms Marketing Services will be closed tomorrow, Wednesday, July 1 to for Canada Day. US markets will close early on Thursday and all day on Friday to mark Independence Day in the USA.

## Canadian delivered soymeal prices opened mixed this morning.

US soybean futures are rangebound but trading higher amid some pre-report positioning that includes acreage and grain stocks estimates to be released by the USDA later today. Acreage for the June report is estimated to come in at 84.716 million acres, up from the March numbers which were pegged at 83.510 million acres. Bean stocks are expected to come in at 1.392 billion bu. on average against a 1.275 to 1.491 billion bu. range and compared to 1.783 billion last year.

## US corn futures opened higher this morning.

Demand concerns in the US corn market will be replaced today with a supply side focus due to the acreage and grain stocks numbers that come out later today. According to a Reuters poll, average quarterly grain stocks estimates are coming in at 4.951 billion bu. against a 4.795 to 5.150 billion bu. range. Analysts' estimates on acreage range between 93.0 and 97.1 million acres, coming in at 95.2 on average, and up from 83.51 million acres in the last quarterly report released in March.

Forward Range (at opening)	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Maple Leaf Sig 4			123.46 128.13	122.56 127.16	121.26 129.87	125.74 129.87	123.32 127.20	123.32 138.92	142.81 144.75	147.18 153.50	153.50
Soymeal Delivered Wpg/S.Man	458	461	465	468							

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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.

