

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, September 8, 2020

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

## US Slaughter

2.484 mil.	Last Week
2.217 mil.	Year Ago

## Daily Prices

WCB	\$46.91
National	\$61.28
Nat'l Cutout Adj	N/A
Signature 4	\$142.36
BP4/TCP4	\$140.00
HyLife Cash	N/A
HyLife Cutout	N/A

**BoC Rate (Noon) prev. day**  
\$1.3089 CAD / \$0.7640 USD

## Cash Prices Week Ending

September 5, 2020

Signature 4	139.22/63.15
h@ms Cash	137.22/62.24
HyLife Cash	147.97/67.12
HyLife Cutout	164.36/74.55
BP4/TCP4	140.00/63.50
OlyWest 2020	133.40/60.51
OlyWest 2021 (Cutout)	156.50/70.99

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

\$19.54 CAD/ckg

ISO Weans \$19.86 US Avg.

Feeder Pigs \$27.13 US Avg.

**Forward contract prices opened higher this morning.** US base pricing is starting the holiday-shortened week off on a higher note with the regions reporting pricing coming in higher relative to the previous week's base price determination. We say 'with the regions reporting' because due to the Labour Day holiday yesterday, some information is unavailable today. Regardless, the negotiated WCB region is up by \$0.59 while the National formula base is higher by \$1.32 USD/cwt. Both regions remain on an upward trend but still below seasonal averages for this marketing week. The extent to which this current tack of support can be maintained very much remains to be seen especially as abundant supplies and capacity processing limits are both expected to materialize in the fourth quarter of this year. Weekly slaughter levels backed off from the 2.6 million head level seen over the past three weeks and are estimated to be 2.848 million for week ending September 5. There is almost always a slight dip in numbers ahead of the Labour Day shortened processing week and it appears that trend has maintained itself. A steeper decline in the week over week slaughter numbers may be revealed next week, but this year has been anything but a normal marketing year and the market will simply have to wait for next week's numbers to see what impact the holiday Monday had on US processing capacity. In the meantime, and while this week's kill is 6.5% lower than week ago, the US processed volume is still over 12% higher than last year. Lean hog futures are mixed to start the week but maintaining the higher levels that were reached after three consecutive sessions of support seen last week. The remaining 2020 contracts are trading at levels last seen in May while the 2021 offerings are hovering around the June levels. On balance, forward contracts in Canadian dollars are higher than only a few weeks ago and a daily softening in the Canadian dollar is adding to the value today. Monthly export numbers for July compiled from customs data by the USDA's Economic Research Service (ERS) will be published tomorrow. The data is lagged by two months due to collection and reporting peculiarities, but it is considered 'gold standard' and eagerly anticipated.

**Canadian delivered soymeal prices opened higher this morning.** The nearby September futures contract is seeing lighter volumes today, and likely will for the remainder of the week, as the contract expires next Monday meaning the nearby contract will 'become' the November futures contract next week. Today, all bean contracts are lower, but still residing amid the new 'high' levels that have returned to values last seen at the beginning of the year. The November contract has risen ~12% since August 10 which was the same day the derecho developed in the Midwest.

**US corn futures opened lower this morning.** Like beans the September contract will expire next Monday and is seeing low trading volumes as of this writing. The remainder of the US corn futures contracts are all higher and once again flirting with technical resistance levels that were reached last week. That is not to say prices are 'high' per se; prices have merely reached what would be considered their upper limits (technically) in the current marketing environment while US corn still faces demand challenges from all channels. Recent support has been primarily based on supply concerns – derecho damage and dry weather in important growing areas.

Forward Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Maple Leaf Sig 4		137.99 142.50	135.88 137.99	135.88 137.29	132.08 141.90	145.41 147.51	146.23 153.48	153.01 161.24	156.91 166.96	170.70 179.10
Soymeal Delivered Wpg/S.Man	483									

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**h@ms Marketing Services will be closed**

Monday, September 7 for Labour Day. Forward contracting will be suspended and the HMO and Opening Price information will not be published.

Normal business resumes on Tuesday, September 8.