

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, September 24, 2020

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

## US Slaughter

487,000 Wednesday  
467,000 Year Ago

## Daily Prices

WCB \$64.23  
National \$73.28  
Nat'l Cutout Adj \$80.07  
Signature 4 \$173.76  
BP4/TCP4 \$173.76  
HyLife Cash \$183.87  
HyLife Cutout \$200.90

**BoC Rate (Noon) prev. day**  
\$1.3358 CAD / \$0.7486 USD

## Cash Prices Week Ending

### September 19, 2020

Signature 4 156.87/71.16  
h@ms Cash 154.87/70.25  
HyLife Cash 169.02/76.67  
HyLife Cutout 186.69/84.68  
BP4/TCP4 147.47/67.01  
OlyWest 2020 150.00/68.04  
OlyWest 2021 (Cutout) 172.00/78.02

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

\$19.06 CAD / ckg

ISO Weans \$25.22 US Avg.

Feeder Pigs \$34.57 US Avg.

**Forward contract prices opened mixed this morning.** It is a big data day for the hog industry which starts off with the Weekly Export sales report. Net sales (new commitments) came in 37,788 MT or 25% lower than week ago but still 34% higher than the five-year average and maintaining the trend that became (re)established at the beginning of the month. There was a brief dip in August, but the trend has been in place since about the beginning of June (i.e. 31,000 MT weekly, on average). Market watchers hoping for China to 'show up' due to the German pork ban are going to have to wait a bit longer. China committed to 8,200 MT, coming in second place to Mexico (15,000 MT). China had been committing to over 25,000 in some prior reports. Not always, but the trade is going need to see those types of numbers before markets push much higher. Physical deliveries were pegged at 35,759 MT which is considered good volume and at the upper end of the recent trend but still lower than the 42,000 MT weekly average that had been seen at the beginning of the year. But the really big report is going to be the Quarterly Hogs and Pigs report that is scheduled to be published after the markets are closed. Before the release, however, Reuters polls analysts to get a sense of what the market is expecting. A summary of those estimates has been recreated here. Numbers across many categories are lower including the all-important 'Kept for Breeding' category that shows a 4.5% reduction in the Sep-Nov timeframe and 3% lower in the Dec-Feb time period. But that is expected, and they are not all lower. All hogs and pigs are estimated to be near year-ago levels and the heavier marketing weights are all higher than last year. In sum, the trade is still expecting a lot of supply to be marketed and if there is any tightening of supply due to Covid-19 disruptions, it likely won't develop until next year. All that matters now, is what the USDA publishes relative to these expectations where surprises have been known to show up.

## Analysts' Expectations for September Quarterly Hogs and Pigs Report

	Range of estimates (% of 2019)	Avg. Pre-report	USDA Report
All hogs	96.9-102.6	100.1	
Breeding	96.7-98.9	97.5	
Marketing	96.9-103.0	100.6	
>180 lbs.	101.0-106.0	103.3	
120-179 lbs.	98.1-105.1	102.3	
50-119 lbs.	95.4-102.0	99.8	
<50 lbs.	95.0-100.5	98.6	

Source:: citing Reuters in DLR

## Canadian delivered soymeal prices opened lower this morning.

New net sales of beans came in at ~3.2 MMT this morning, mirroring the seasonal trend and at the upper end of recent volumes. The strength is coming from China demand where daily commitments are being reported somewhat consistently. Physical deliveries came in at ~1.3 MMT which is at the upper end of the seasonal trend but not yet at the big, post-harvest numbers. Deliveries were 26% lower than last week but 64% higher than the five-year average.

## US corn futures opened lower this morning.

New net sales of US corn for week ending September 17 were impressive at 2.139 MMT and 32% higher than week ago. The numbers mirror a seasonal trend, however, and it will be important to see where the trend goes in the next couple weeks. Physical sales came in at 845,000 MT, 6% lower than week ago and entirely within the seasonal pattern seen at this time of year.

FC Range (at opening)	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4		153.44 162.78	148.21 151.30	148.21 149.63	143.77 153.98	156.60 159.68	156.19 162.37	161.89 170.61	164.79 176.66	179.27 188.05	183.14 188.77	176.26 187.18
Soymeal Del Wpg/S.Man	520											

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