

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, October 7, 2020

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

Forward contract prices opened mostly lower this morning.

The daily seesawing in the US cash markets continue, hinting that further upward momentum may be starting to stall although that is certainly not guaranteed. Monday was a 'down' day; Tuesday regained the losses; today, cash markets are generally giving back the previous day's gains with all regions except National (which is only up by \$0.02 USD/cwt). Daily slaughter came in 1,000 head lower than year ago, but it is very difficult to draw any concrete conclusions from slaughter data alone under the present marketing conditions. The net value of the carcass was also lower yesterday, posting a value \$2.45 USD/cwt lower, led by hams at a whopping \$16.54 one-day move down. The ham primal has seen daily variability like this in the past, so it does not necessarily hint at things to come, but because hams make up such a large proportion of the value of the entire cutout, a large move in hams generally influences the cutout in the same direction. Lean hog futures continue their sideways trend which has been in place since the release of the USDA's Quarterly Hogs and Pigs report. At the risk of sounding repetitive, the market has already priced in the large news events being the German pork ban due to ASF and at mentioned, the reaction to the Hogs and Pigs report. Markets are called sideways until the next major news event becomes known. In the meantime, forward contracts are considered 'fair value' but only in the context of normal marketing conditions and as we are all too aware, the recent marketing environment has been anything but normal.

US soybean futures opened higher this morning.

US soybean futures are up again for the third consecutive session in a row with all contracts out to August 2021 trading above the \$10 USD/bu. level. Lower quarterly grains stocks relative to pre-report expectations. provided the initial spark for the recent move higher. Strong export news and daily flash sales to China continue to offer support.

US corn futures opened higher this morning.

Like beans, US corn futures are also higher for the third consecutive session this week, drawing on strength in other grains and managed money support that has been 'long corn' since the grain stocks report came in lower than expectations. Export intentions are considered good, with China picking up much of the volumes, but the physical deliveries are merely seasonal and demand from all channels remains challenging. Will exports offset weakness in ethanol? So far, the market appears to think this is the case.

US Slaughter

487,000 Tuesday
488,000 Year Ago

Daily Prices

WCB \$63.77
National \$77.15
Nat'l Cutout Adj \$83.3
Signature 4 \$181.74
BP4/TCP4 \$181.74
HyLife Cash \$192.96
HyLife Cutout \$208.34

BoC Rate (Noon) prev. day
\$1.3272 CAD / \$0.7535 USD

Cash Prices Week Ending

October 3, 2020

Signature 4 179.85/81.58
h@ms Cash 177.85/80.67
HyLife Cash 191.84/87.02
HyLife Cutout 208.85/94.73
BP4/TCP4 170.94/77.54
OlyWest 2020 177.60/80.56
OlyWest 2021 (Cutout) 196.40/89.09

2020 Top-Up (YTD Rolling Est.)

\$18.59 CAD/ckg

ISO Weans \$27.26 US Avg.

Feeder Pigs \$41.47 US Avg.

FC Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4		148.12 151.18	148.12 149.53	143.12 153.25	155.84 158.90	157.26 163.38	162.91 163.38	167.83 178.93	181.53 190.26	185.51 190.97	178.44 189.29
Soymeal Del Wpg/S.Man	N/A										

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