

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, October 15, 2020

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

US Slaughter

489,000	Wednesday
491,000	Year Ago

Daily Prices

WCB	\$62.48
National	\$77.84
Nat'l Cutout Adj	\$85.34
Signature 4	\$181.53
BP4/TCP4	\$181.53
HyLife Cash	\$192.70
HyLife Cutout	\$211.26

BoC Rate (Noon) prev. day
\$1.3139 CAD / \$0.7611 USD

Cash Prices Week Ending

October 10, 2020

Signature 4	181.58/82.36
h@ms Cash	179.58/81.46
HyLife Cash	193.45/87.75
HyLife Cutout	211.38/95.88
BP4/TCP4	179.85/81.58
OlyWest 2020	184.20/83.55
OlyWest 2021 (Cutout)	202.60/91.90

2020 Top-Up (YTD Rolling Est.)

\$18.44 CAD/ckg

ISO Weans \$34.96 US Avg.

Feeder Pigs \$40.82 US Avg.

Forward contract prices opened mostly higher this morning. US cash markets are lower this morning with the negotiated WCB taking a notable \$2.72 downturn while the National and National cutout adjusted base prices were both a more modest \$0.16 USD/cwt lower relative to the previous day. The price determination period for National based programs ends today for the most part (cutout-adjusted variants still require one more report from the USDA) and weekly base prices will likely still be showing some strength, but the trends of the profiles has backed off considerably from recent history. The cash markets appear to be losing some steam, but they are still holding exceptional value for this time of year. The next few weeks will be telling, but for now, the WCB, National, National cutout adjusted, and USDA cutout-formal bases are 4%, 18%, 23%, and 19% higher than the three-year cash average seen in this marketing week. Slaughter levels remain high and the net value of the carcass remains at seasonal highs. Market watchers will be looking for evidence of stronger supply that typically develops heading into the fall for signs of potential weakness, and there are some indications that is already under way, but so far, the industry has been able to process the 'additional' supply. The nearby lean hog futures continue to see an upward trend while the deferred contracts are showing some signs of weakness. The net result, however, has been an incremental gain seen week over week in the value of the Canadian forward contract values. The degree to which this trend continues remains to be seen. Canadian forward contract base prices got an additional boost from an approximate half-cent drop in the value of the Canadian dollar at the market open this morning. This move adds approximately \$0.75 CAD/kg to the base value across all programs and has been attributed to a risk-off sentiment as Covid-19 cases start to increase once again according to an article surfacing in the Globe and Mail this morning.

US soybean futures opened higher this morning. US soybean futures continue to trade above the \$10.00 USD/bu level on good export demand from China, and ideas that some 'stocking up' of the staples could be taking place elsewhere, on prolonged Covid-19 concerns which is having a ripple effect in commodities markets. The nearby US soybean futures contract has seen a clear tack higher and an approximate 21% increase in value since the early August.

US corn futures opened higher this morning. Normally, we would report on the weekly Export Sales report that is published by the USDA before market open every Thursday and reporting on the activity recorded for the prior week. However, and while it was not a national holiday in the US like it was in Canada, some banks and public agencies were closed on October 12 for Columbus Day meaning it was a short week for some in the USA as well. As such the export sales numbers will be released tomorrow instead.

FC Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4		157.74 158.68	154.68 159.15	148.15 158.49	161.08 164.14	160.73 167.08	166.37 175.26	168.86 180.85	183.44 192.14	186.42 192.61	179.25 190.06
Soymeal Del Wpg/S.Man	N/A										

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STRENGTH IN NUMBERS

