

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, October 20, 2020

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

US Slaughter

498,000 Monday
490,000 Year Ago

Daily Prices

WCB \$63.63
National \$78.01
Nat'l Cutout Adj \$85.51
Signature 4 \$182.30
BP4/TCP4 \$182.30
HyLife Cash \$193.99
HyLife Cutout \$212.64

BoC Rate (Noon) prev. day
\$1.3165 CAD / \$0.7596 USD

Cash Prices Week Ending

October 17, 2020

Signature 4 182.09/82.60
h@ms Cash 180.09/81.69
HyLife Cash 193.35/87.70
HyLife Cutout 211.67/96.01
BP4/TCP4 181.58/82.36
OlyWest 2020 184.20/83.55
OlyWest 2021 (Cutout) 202.60/91.90

2020 Top-Up (YTD Rolling Est.)

\$18.32 CAD/ckg

ISO Weans \$36.69 US Avg.

Feeder Pigs \$44.37 US Avg.

Forward contract prices opened mostly lower this morning. US cash markets are moderately higher relative to the previous day with WCB and both National variants up by \$0.36 and \$0.27 USD/cwt, respectively. The trend is holding for now but there are some signs that the previous trajectory upward could be losing a bit of steam. In the meantime, all US base prices used in the construction of Western Canadian cash markets are approximately 20% higher than values typically seen in the marketing week using a three-year average as the reference point. Lean hog futures are sharply lower this morning with the nearby (December) contract over \$2.00 USD/cwt lower and the February following suit; all contracts covering the present forward contracting period are in the red as of this writing. Why? Fundamentally, not much has changed, domestic demand is still relatively strong all things considered, and the US is experiencing record export sales volumes. However, one of the 'reasons' for the recent rally followed ideas that a pork ban placed on Germany by China and other Asian nations due to an ASF outbreak in the German wild boar population, could result in even more export sales activity for the USA. But this morning there is talk that Germany is in talks 'with Asia' about easing the pork ban and that further talks are being undertaken to develop a 'regionalization principle' framework. If successful (and true) it would mean that some of the value of the previous rally would be removed from the equation. As such, markets could be speculating this is the case this morning. Almost nothing else except a move by managed money or other news (not presently being reported) would influence what is being seen this morning and the news wires are relatively quiet except for the German talks mentioned above. Futures values are still valued above benchmarks for the most part, but June is net neutral, and the July contract is 1% lower for the first time in weeks.

US soymeal futures opened higher this morning. US soybeans are consolidating at current levels which has seen an upward run since mid-August and is only starting to level out in recent sessions. There is talk that the pressure that is being seen could be attributed to hedging activity when the hedger takes the sell side. The Crop Progress report for week ending October 18 showed beans are 75% harvested against 61% last week and a 58% five-year average.

US corn futures opened higher this morning. Unlike beans, US corn futures still are showing signs of continued support, but like beans, there are thoughts that the pressure that does develop is due to hedging activity. Yesterday's Crop Progress report showed US corn is 60% harvested against the 43% five-year average. Crop conditions are estimated to be 61% in good/excellent condition compared to 56% normally seen at this time of year.

FC Range (at opening)	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4		155.82	152.78 157.22	141.24 151.51	154.07 157.10	151.39 157.69	156.99 166.20	160.83 172.75	175.32 183.97	179.01 184.43	171.48 182.24
Soymeal Del Wpg/S.Man	N/A										

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STRENGTH IN NUMBERS

