

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, November 4, 2020

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

US Slaughter

493,000 Tuesday
490,000 Year Ago

Daily Prices

WCB \$60.39
National \$70.43
Nat'l Cutout Adj \$74.69
Signature 4 \$169.82
BP4/TCP4 \$169.82
HyLife Cash \$181.88
HyLife Cutout \$186.65

BoC Rate (Noon) prev. day
\$1.3145 CAD / \$0.7607 USD

Cash Prices Week Ending

October 31, 2020

Signature 4 180.32/81.79
h@ms Cash 178.32/80.89
HyLife Cash 189.37/85.90
HyLife Cutout 195.97/88.89
BP4/TCP4 182.69/82.87
OlyWest 2020 184.70/83.78
OlyWest 2021 (Cutout) 206.40/93.62

2020 Top-Up (YTD Rolling Est.)

\$18.14 CAD/ckg

ISO Weans \$38.82 US Avg.

Feeder Pigs \$47.19 US Avg.

Forward contract prices opened mostly higher this morning.

US cash markets used in determining Western Canadian base prices are all lower this morning. The National region is down \$0.46 and the National cutout-adjusted base is \$1.04 USD/cwt lower. The moves continue the recent tack lower and despite some day over day 'recoveries', the net results have so far been to see cash prices push lower as an ongoing weekly trend. The negotiated WCB region, which is monitored as a proxy for uncommitted hogs but not used in Canadian price discovery, was \$0.18 higher relative to the previous day, but the daily price is still lower than the weekly base established last week. Some Canadian price discovery regions only have one more reporting day this week to determine the weekly settlement price (Thursday) and it looking increasingly like the week over week difference will be lower than values for week ending October 31 when prices are established tomorrow. Lean hog futures moved initially higher this morning, but the trade is choppy and the move appears to be merely carving out the bottom of the what could be an established range. The market has been in a steady downward trend since October 16 when it was learned Germany was in negotiations with 'Asian nations' to regain market access; subsequently poor new net sales commitments on three consecutive weekly export sales reports added to the negative tone even though physical deliveries remained on par with the recent trend. Today's action, then, is likely less a function of any new fundamental change in market outlook, and probably more akin to trader repositioning on technical grounds. Generally speaking, the market would have to move approximately \$5.00 USD/cwt before the reaching the higher levels seen in the middle of October. The results of the US Presidential election are presently unknown as varying regional laws on counting absentee and mail-in votes are preventing a swifter tally of the results. It is much too early to project a winner at this point, but the contest was very close when the polls closed last night. Markets would rather price in news events over uncertainty, but it appears at least the election results are very uncertain for another day or two, and potentially undetermined for even longer than that if legal challenges are launched.

US soybean futures opened higher this morning.

US soybean futures are trading higher following an overnight session that saw some weakness on a potential Republican victory in the US Presidential election. Aren't the Republicans seen as business friendly? Yes, but in terms of soybeans, the negative tone comes on ideas that another four years of Trump could be antagonistic with China. While China arguably needs US beans no matter who is in office, China has been known to apply direct or indirect pressure if they are antagonized. The market is not merely trading US Presidential election news, but it is a factor presently.

US corn futures opened lower this morning.

US corn futures are turning lower following three session of mildly supportive activity and an earlier drop that saw the trade move from over \$4.20 USD/bu down to \$4.01 on October 28 (December contract). The nearby contract is presently trading in the high \$3.90s as the market appears to be consolidating at current levels. US election uncertainty and fears over second wave Covid-19 demand destruction (especially as related to energy) are weighing on the trade while good export demand and positive, forecast harvest weather is keeping the downside in check.

FC Range
(at opening)

Maple Leaf
Sig 4

Soymeal
Del Wpg/S.Man

	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4	145.81 150.23	135.35 145.61	148.17 151.21	145.96 152.26	151.56 160.19	156.93 169.50	172.07 180.68	177.54 181.15	172.17 182.91
Soymeal Del Wpg/S.Man									

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STRENGTH IN NUMBERS

