

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 5, 2020

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

US Slaughter

489,000 Wednesday
493,000 Year Ago

Daily Prices

WCB	\$61.93
National	\$72.05
Nat'l Cutout Adj	\$74.17
Signature 4	\$168.03
BP4/TCP4	\$168.03
HyLife Cash	\$178.54
HyLife Cutout	\$183.78

BoC Rate (Noon) prev. day
\$1.3138 CAD / \$0.7612 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 are once again mixed this week with the negotiated region higher relative to the previous day while the formula-based prices are lower. The WCB region is up \$1.54 bringing it within \$0.23 of the previous week's average base price (therefore making incremental gains over the course of the week), but it will likely not be enough to influence a higher weekly base price when determined later today. The formula-based regions continue to show weakness with National down \$0.73 and the National cutout-based regions \$0.52 USD/cwt lower in a daily context. The regional formula prices will be lower than week ago when calculated later today for their respective Canadian reference prices. This morning's Export Sales report showed some optimism with 42,200 MT in new net pork sales representing a 46% increase over the last reporting period and bucking the recent trend that saw 'only' about 27,000 MT on average in new commitments over the past three weeks. Mexico came in at the number one position, committing to 14,700 MT followed by China in the number two position with 10,700 MT. While it is optimistic to see Mexico committing to notable volumes of pork, new commitments from China are also needed to keep the underlying support. In other words, export volumes cannot drift back to the 27,000 MT levels if price support, let alone further upside, is expected from export data. The results of the US Presidential election are still being determined as ballots continue to be counted. Regional laws on ballot counting vary from state to state meaning the final tally may not be known today either, not to mention 'delayed' by the legal challenges that will probably surface. While markets may react to the news more strongly in other asset classes when the results become more certain, lean hog futures will likely not see much movement. A Biden administration may be viewed as more trade friendly (and at least not as unpredictable) than the current one, but China would probably not immediately start buying pork en masse just because of a change in administration other than as a symbolic move.

US soymeal futures opened higher this morning.

This morning's export sales report showed continued demand from China taking 810,700 MT in new commitments out of the 1.53 MMT total for the reporting period ending October 29. The trend is biasing lower; the total volume is 6% lower than week ago and 32% lower than the rolling four-week average. Physical sales were lower than week ago but 6% higher than the prior four-week trend at 2.528 MMT.

US corn futures opened higher this morning.

New commitments of US corn for export came in at 2.610 MMT representing a notable move higher than the recent trend and 16% higher than week ago. It is also a departure from the seasonal trend typically seen at this time of year and has provided some underlying support in the futures market. Physical deliveries are within the trend for this time of year and came in at 728,000 MT, within the middle of the range of extremes for the marketing week, and 9% higher than the five-year average.

FC Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4	146.61 151.01	136.42 146.60	149.14 152.15	146.83 153.08	152.38 161.18	157.54 169.35	171.89 180.45	178.00 180.92	172.42 183.13
Soymeal Del Wpg/S.Man									

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STRENGTH IN NUMBERS

