

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 10, 2020

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

## US Slaughter

493,000	Monday
444,000	Year Ago

## Daily Prices

WCB	\$61.19
National	\$71.71
Nat'l Cutout Adj	\$77.12
Signature 4	\$165.08
BP4/TCP4	\$165.08
HyLife Cash	\$176.24
HyLife Cutout	\$189.55

**BoC Rate (Noon) prev. day**  
\$1.2970 CAD / \$0.7710 USD

## Cash Prices Week Ending

November 7, 2020

Signature 4	170.27/77.23
h@ms Cash	168.27/76.33
HyLife Cash	179.67/81.50
HyLife Cutout	187.84/85.20
BP4/TCP4	180.32/81.79
OlyWest 2020	177.40/80.47
OlyWest 2021 (Cutout)	193.30/87.68

**2020 Top-Up (YTD Rolling Est.)**

\$17.99 CAD/ckg

ISO Weans \$38.37 US Avg.

Feeder Pigs \$49.72 US Avg.

**Forward contract prices opened mostly mixed this morning.** US cash markets are all higher with the negotiated WCB region up \$0.81, National \$0.22 higher, and the National cutout-adjusted base up by \$1.47 USD/cwt relative to the previous day. The WCB and National cutout-adjusted regional daily prices today are now higher than their weekly cash average settlement base prices last week, but this does not guarantee a higher weekly base price for week ending November 14 just yet as there are still a couple more reporting days in the price discovery period. If the trend remains, however, cash markets \*could\* see a reversal from the recent trend pushing lower. Generally, cutout-based prices tend to perform better in the fall compared to traditional negotiated or formula bases when supplies increase – the price of pork doesn't have to move a nickel and packers would become more profitable 'automatically' by virtue of the dropping input cost of the live hog. But from a trend analysis perspective, it is somewhat odd to see strength return to cash markets until after the US Thanksgiving holiday. The remainder of the daily prices in the reporting period will be closely watched for clues on direction. Incidentally, the weekly USDA cutout-formula price came in lower than week ago when determined yesterday, but the region uses a different reporting period than the other three mentioned above. Lean hog futures are mixed to lower to start the session. Yesterday was an 'up' day – today, markets are lower. The seesawing back and forth has been a recent feature of the lean hog futures market that has no rationale to move significantly in one direction or another. The news, for now, has simply been priced in, including the election of Joe Biden as President-elect whose administration is anticipated to be a bit more trade friendly, and at the very least, a bit more amenable to trade agreements and protocols in matters of international diplomacy. Unless some other news event or externality develops futures markets are called mixed but relatively steady at present levels for now. Futures values are considered fair value compared to the cash average benchmarks for this time of year coming in 3% higher than the five-year cash average over a 'nine-month' timeframe.

**US soymeal futures opened higher this morning.** US soybean futures continue to push higher and the front four months are all trading above \$11.00 USD/bu as of this writing. Some dryness in Argentina is providing support as are ideas that global stocks of beans are lowering with world ending stocks set up to have the lowest stocks to use ratio in over 20 years. Ongoing demand from China and the tight supply issue in Brazil are also ongoing events that will continue to be supportive.

**US corn futures opened higher this morning.** Like beans, US corn futures are higher for the second consecutive session and building on the support that developed last week after the sell off seen on October 28. There is talk lower than normal rainfall forecast for some areas of Brazil and Argentina and also like beans, there are ideas that a smaller US (and global) crop could be in store. China, not typically a particularly large customer of US corn, has been making commitments with the USDA now expecting China to take ~22 MMT of US corn for the year.

FC Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4	143.20 146.67	135.87 146.04	148.58 151.59	148.12 154.36	153.67 162.77	159.53 173.26	175.80 184.37	180.69 184.83	175.12 185.72
Soymeal Del Wpg/S.Man									

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**h@ms Marketing Services will be closed**

Wednesday, November 11 for Remembrance Day. Forward contracting will be suspended and the HMO and Opening Price information will not be published.

Normal business resumes on Thursday, November 12.