

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, November 12, 2020

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

US Slaughter

493,000 Tuesday
493,000 Year Ago

Daily Prices

| | |
|------------------|----------|
| WCB | \$59.76 |
| National | \$72.12 |
| Nat'l Cutout Adj | \$74.83 |
| Signature 4 | \$166.63 |
| BP4/TCP4 | \$166.63 |
| HyLife Cash | \$176.96 |
| HyLife Cutout | \$183.60 |

BoC Rate (Noon) prev. day
\$1.3017 CAD / \$0.7682 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 higher this morning. US cash markets used in Canadian price discovery are mixed following mid-week Canadian holiday for Remembrance Day which is also observed as Veterans (Armistice) Day in the USA for some sectors (markets were open, but banks and government agencies were closed for example). The negotiated WCB region was \$1.43 lower, the National region is 'holding' at present levels and was up by a more modest \$0.41, while the National cutout-adjusted base came in \$2.29 USD/cwt lower on some softness in the net value of the carcass. All regions are following a seasonal trend lower which typically develops at this time of year, but where the pre-Christmas holiday 'bottom' develops very much remains to be seen. Slaughter levels are still coming in at a relatively high 490,000+ head per day which is believed to be near the upper end of the current capacity in an industry dealing with Covid-19 processing restrictions. The usual increase in supply could develop, but there is also a growing consensus that some supply tightness could be in the works due to the presently unknown levels of productive sow culls and euthanasia at the height of the plant closures. Almost no one believes there is a backlog of hogs on farms today, except in some eastern regions, but it is almost certainly not a widespread issue at this point. Lean hog futures are higher this morning after a 'down day' yesterday as markets were open on Veterans Day. Despite the move, all contracts still have a way to go before providing the value that was seen a couple weeks ago. All contracts turned lower on October 16, and even though some support developed at the beginning of November, values are still not near the strength seen in mid-October. The weekly Export Sales report normally scheduled for a Thursday, pre-market open release has been delayed to Friday due to the Veterans Day observation at government agencies.

US soybean futures opened lower this morning. The November WASDE report was released on Tuesday and was considered bullish for the trade. Analysts' expectations ahead of the report were for ending stocks to come in at 235 million bu. and the USDA has now pegged domestic ending stocks at 190 million bu. which is considered to be very tight. South American planting weather will be important to watch for the global stocks situation and prices will likely need to continue to be elevated to incent US farmers to plant more and prevent further year over year losses in ending stocks.

US corn futures opened lower this morning. Like beans, the US corn futures trade got a boost yesterday from the November WASDE report on Tuesday but are correcting lower this morning. Corn yield estimates were lowered to 175.8 bpa and exports saw a boost of 350 million bu on the balance sheet. The pre-report expectation was for ending stocks to come in at 2.033 billion bu on average, but the USDA now pegs that number at 1.702 billion bu.

| FC Range (at opening) | Dec | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug |
|-----------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig 4 | 146.58 150.08 | 136.75 146.99 | 149.55 152.58 | 149.71 156.00 | 155.30 164.09 | 160.83 175.26 | 177.82 186.43 | 183.85 186.90 | 178.68 189.40 |
| Soymeal Del Wpg/S.Man | | | | | | | | | |

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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.