

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, November 13, 2020

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

## US Slaughter

492,000	Thursday
491,000	Year Ago

## Daily Prices

WCB	\$59.49
National	\$71.86
Nat'l Cutout Adj	\$74.77
Signature 4	\$167.40
BP4/TCP4	\$167.40
HyLife Cash	\$176.34
HyLife Cutout	\$183.47

**BoC Rate (Noon) prev. day**  
\$1.3123 CAD / \$0.7620 USD

## Cash Prices Week Ending

November 14, 2020

Signature 4	166.23/75.40
h@ms Cash	164.23/74.49
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	170.27/77.23
OlyWest 2020	167.70/76.07
OlyWest 2021 (Cutout)	183.70/83.33

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

\$17.75 CAD/ckg

ISO Weans \$38.37 US Avg.

Feeder Pigs \$49.72 US Avg.

**Forward contract prices opened mostly lower this morning.** US daily cash markets are lower relative to the previous day with WCB down \$0.27, National \$0.26 lower, and the National cutout-adjusted base down by a more modest \$0.06 USD/cwt. While prices are lower, they also appear to be consolidating at current levels for now suggesting the corrective action from the highs seen in late October may be subsiding. There is talk that meat cases are full ahead of the US Thanksgiving weekend coming up in two weeks, and that cash market direction may become clearer after November 26. If consumers continue to buy in a pattern consistent with past behaviors, processors may be motivated to continue production after Thanksgiving. If they do not, however, bidding may become less aggressive heading into the end of the year. There is no shortage of speculation on consumer behaviors (not to mention travel-related and social gathering patterns) as second wave Covid-19 restrictions are contemplated all across North America. Weekly cash prices determined yesterday for week ending November 14 are all lower relative to week ago, but like the daily cash the larger week over week moves lower have moderated. The WCB region is \$0.86 lower, the National is down \$0.93, and when the National cutout-adjusted reference is calculated later today, the weekly move lower could be less than a dime. The USDA cutout-formula price (calculated on Mondays) stands out with a drop of \$3.01 relative to week-ago. However, the USDA cutout-formula used in Red Deer uses the current week's data in price determination for week ending November 21. As such, base prices using the USDA cutout-formula as a reference will likely see a much lower drop on Monday just like the others have seen this week. Lean hog futures are finishing the week off on a lower note with contracts from February to August 2021 all lower by over \$1.00 USD/cwt as of this writing. While there is no fundamental news on the wires that would initiate such a move per se, there is talk that 'aggressive selling' started to develop in yesterday's session. If managed money or large corporate hedgers are in the market presently, this could very well explain the continuation of this morning's move lower. In the meantime, a new range appears to be developing provided current support levels are maintained.

**US soymeal futures opened higher this morning.** Yesterday's move lower in the US soybean futures market is reversing this morning and once again following the recent trend higher. September and November 2021 are over \$10.00 USD/bu.; contracts from January to August 2021 are trading over \$11.00. The new crop ending stocks profile has changed dramatically since the summer. In August, the USDA had ending stocks pegged at 610 million bu. Following the release of the WASDE report this week, ending stocks are now estimated to come in at 190 million bu. or a drop of 69% which is significant both in terms of percent and the physical number.

**US corn futures opened mixed this morning.** Unlike beans, US corn futures are mixed to finish the week; nearbys are lower while the deferreds are seeing a bit of support. US corn continues to attempt to price in domestic demand uncertainty, especially as related to energy (ethanol) demand and an uncertain holiday travel season. But the downside could be kept in check as just like beans, US ending stocks of new crop corn have been consistently reduced in subsequent WASDE reports – from a high of 3.323 billion bu. in June (!) to 1.702 billion bu. in the report for November released this week.

FC Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4	144.10 147.60	133.08 143.34	145.91 148.94	146.44 152.74	152.04 160.97	157.70 172.80	175.37 184.00	181.50 184.47	176.72 187.45
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.**