

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, November 17, 2020

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

## US Slaughter

491,000 Monday  
493,000 Year Ago

## Daily Prices

WCB	\$57.53
National	\$70.58
Nat'l Cutout Adj	\$73.04
Signature 4	\$163.92
BP4/TCP4	\$163.92
HyLife Cash	\$174.91
HyLife Cutout	\$181.00

**BoC Rate (Noon) prev. day**  
\$1.3085 CAD / \$0.7642 USD

## Cash Prices Week Ending

November 14, 2020

Signature 4	166.23/75.40
h@ms Cash	164.23/74.49
HyLife Cash	176.22/79.93
HyLife Cutout	183.51/83.24
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 \$38.01 US Avg.

Feeder Pigs \$48.24 US Avg.

## Forward contract prices opened mostly higher this morning.

Daily US cash markets are mixed, but the trend remains lower for now on balance. The negotiated WCB and National formula regions were down \$1.58 and \$0.68 relative to the previous day, respectively, while the National cutout-adjusted reference was \$0.91 USD/cwt higher at the base level despite some weakness developing in the value of the carcass. The net value of the primals remains comparatively good with yesterday's price pegged at \$80.14 (\$76.02 five-year average for this marketing week), but it has seen ongoing pressure over the last four consecutive weeks. The ever-volatile belly primal has been, in part, responsible for some of the weakness, occasionally seeing daily drops in the double digits and losing approximately 44% of value over the same timeframe; daily belly values are now at the second lowest value on record for this marketing week since the USDA started the report in 2013. There are ideas that because cold storage stocks of bellies are at record lows for this time of year, there will be some incentive to rebuild stocks in the pipeline. However, price action would suggest something else is afoot, and generally, traditional metrics used in recent forward-looking projections have been less than accurate this year - there is a lot of US domestic demand uncertainty presently. Lean hog futures are higher at the open but still have about halfway to go to recover from the sell-off seen on Friday (as of this writing). Export volumes remain quite good and this Thursday's weekly Export Sales report will be closely watched for clues on direction, but good export volumes and new commitments appear to have had little influence on the futures today. We suspect it is because the market is more focused on potential domestic demand challenges noting the US domestic market is still the largest single disappearance channel for US pork. New talk of second wave Covid-19 outbreaks (and the subsequent reaction by local authorities) is likely weighing on the trade to a certain degree and at least, keeping the upside in check. In the meantime, futures markets are 2% higher than the five-year cash average benchmarks (a metric used to determine value in the futures). At this time last month, the premium was in the 10% range.

**US soymeal futures opened higher this morning.** Harvest pressure on pricing hasn't materialized this year and for good reason; demand for US beans remains strong as they are currently the best priced global option for importers, China demand remains robust, a couple cargoes of US beans have made it into Brazil on ideas Brazil is short, and South American weather is so far a bit on the dry side. The USDA has pegged the bean harvest at 96% complete against a 93% five-year average.

**US corn futures opened higher this morning.** US corn futures continue to edge higher and approach the upper level of the recently established range (nearby contract). There is talk that China is once again actively looking for US corn and ideas that dry weather in Brazil could negatively impact the Safrinha crop which accounts for near two thirds of production. Like beans, there has been no harvest pressure in the market to speak of; US corn harvest is pegged at 95% complete against the 87% five-year average.

FC Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4	144.76	132.06 142.28	144.83 147.85	145.41 151.68	150.99 159.77	156.52 171.57	174.13 182.72	180.37 183.18	176.08 186.76
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.