

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, November 23, 2020

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

US Slaughter

2,711 mil.	Last Week
2.767 mil.	Year Ago

Daily Prices

WCB	\$58.41
National	\$69.09
Nat'l Cutout Adj	\$70.35
Signature 4	\$160.30
BP4/TCP4	\$160.30
HyLife Cash	\$170.40
HyLife Cutout	\$173.50

BoC Rate (Noon) prev. day
\$1.3071 CAD / \$0.7651 USD

Cash Prices Week Ending November 21, 2020

Signature 4	163.78/74.29
h@ms Cash	161.78/73.38
HyLife Cash	172.86/78.41
HyLife Cutout	175.51/79.61
BP4/TCP4	166.23/75.40
OlyWest 2020	165.80/75.21
OlyWest 2021 (Cutout)	181.20/82.19

2020 Top-Up (YTD Rolling Est.)
\$17.72 CAD/ckg

ISO Weans \$38.55 US Avg.

Feeder Pigs \$50.77 US Avg.

Forward contract prices opened mostly higher this morning. US cash markets continue their seasonally weaker trend, losing approximately \$0.50/cwt per day over the last two weeks. Abundant hog supply is the primary driver behind the weakness, as US packers flirt with maximum production capacity, estimated at around 2.8 million hogs. Last week's slaughter was estimated at 2.711 million hogs, down from the same week 1 year ago that was one of the largest on record at 2.767 million hogs. US hog slaughter is anticipated to be down by close to 20% this week as the US Thanksgiving Holiday takes out Thursday's kill. Lean Hog futures started the morning higher, with the nearby contracts experiencing the largest gains and recovering from recent declines to trade at the highest levels in 10 days. The market shows no signs of stopping its current choppy trend, which reflects the huge uncertainty associated with the impact of the second wave of the COVID-19 pandemic. While Cold Storage supplies remain on the tight side given production levels, the disruptions to normal supply chains works as a buffer to what otherwise would be strong domestic demand.

US soymeal futures opened higher this morning. Despite trading near contract highs this morning, soybean meal futures are down slightly, reflecting weaker interest in the commodity. Since mid-August, prices have added close to 1/3 of its value, and there are suggestions that the market is finding the top of its range. With South American fundamentals taking center stage and the influence of US Thanksgiving, this week could represent a turning point in the sharply higher trend that has characterized the soy complex over the last 3 months.

US corn futures opened higher this morning. The 'leveling off' trend appears to be maintained this morning, with Corn futures marginally higher over Friday's close. This puts the December contract at its highest level in 18 months. The total fund position remains large at a net long, 209,000 contracts, but this is down from the record of 254,000 contracts. This week's trade is anticipated to be slower, given the US Thanksgiving Holiday that closes all US exchanges on Thursday.

FC Range (at opening)	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Maple Leaf Sig 4	145.99	138.72 148.95	151.51 154.53	149.65 155.92	155.22 163.93	160.68 173.03	175.59 184.18	181.16 184.65	176.40 187.09
Soymeal Del Wpg/S.Man									

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Risk Management at h@ms Marketing Services will be closed

Thursday, November 26 for US Thanksgiving - Markets are closed. Forward contracting will be suspended - the HMO and Opening Price information will not be published.

Normal business resumes on Friday, November 27. The main office will remain open.