

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 2, 2020

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

US Slaughter

493,000 Tuesday
496,000 Year Ago

Daily Prices

WCB	\$56.72
National	\$68.46
Nat'l Cutout Adj	\$69.37
Signature 4	\$157.39
BP4/TCP4	\$157.39
HyLife Cash	\$167.31
HyLife Cutout	\$169.54

BoC Rate (Noon) prev. day
\$1.2952 CAD / \$0.7721 USD

Cash Prices Week Ending November 28, 2020

Signature 4	159.35/72.28
h@ms Cash	157.35/71.37
HyLife Cash	169.09/76.70
HyLife Cutout	173.45/78.68
BP4/TCP4	163.78/74.29
OlyWest 2020	160.30/72.71
OlyWest 2021 (Cutout)	174.60/79.20

2020 Top-Up (YTD Rolling Est.)
\$17.57 CAD/ckg

ISO Weans \$40.16 US Avg.
Feeder Pigs \$50.00 US Avg.

Forward contract prices opened mostly lower this morning. US cash markets turned sharply lower in yesterday's trade, pressured by heavy supplies and a down turn in the pork carcass cut-out. All of the primal cuts that make up the cut-out were down more than \$1.50/cwt with the exception of the picnic and rib primals. Ham primal cuts making up 25% of the carcass by weight fell by 11%, suggesting that wholesalers are comfortable with their current inventory of the hams ahead of the Christmas holidays. This could result in a prolonged decline in cash hog prices if Ham prices are already experiencing weakness. However, the optional cut of Boneless hams are reported to be up more than 50% from year ago levels, in part due to increased home consumption. Lean Hog futures are reflecting the recent developments in the cash market by losing more than \$0.50/cwt across most contract months this morning. Traders may shift their focus onto the export sales side of the business, to see if export demand can provide some underlying support. If last week's export deliveries are representative of volumes to come, demand is strong with the weekly load count being the highest that we have seen since late March.

US soymeal futures opened lower this morning. The market has had to adjust to a change in the broad growing conditions in South America, that have improved to 'average over the last 5 days. As a result of the impact on US Soybean prices, spot meal prices have fallen more than \$15/MT so far this week, taking prices back to levels not seen since early November.

US corn futures opened lower this morning. While analysts have been reducing their expectations of a South American crop, conditions throughout Brazil and Argentina have improved, resulting in price pressure to the North American markets. However, prices are still close to \$1.00/bushel higher than when we saw the lows in mid-August putting significant pressure on livestock feeding margins.

FC Range
(at opening)

Maple Leaf
Sig 4

Soymeal
Del Wpg/S.Man

Jan

Feb

Mar

Apr

May

Jun

Jul

Aug

Sept

136.99
146.86

149.38
152.37

148.88
154.84

156.91
163.00

161.44
172.92

175.45
183.95

181.28
184.40

175.61
186.16

157.73
166.67

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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.