

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 3, 2020

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

US Slaughter

497,000	Wednesday
497,000	Year Ago

Daily Prices

WCB	\$56.65
National	\$68.38
Nat'l Cutout Adj	\$71.87
Signature 4	\$156.98
BP4/TCP4	\$156.98
HyLife Cash	\$166.94
HyLife Cutout	\$175.48

BoC Rate (Noon) prev. day
\$1.2934 CAD / \$0.7732 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 are mixed with the negotiated WCB region \$0.07 lower, the 'traditional' National base down \$0.08, while the National cutout-adjusted reference is higher by \$2.50 USD/cwt. The cutout adjusted variant is responding to some daily strength in the net value of the carcass which was \$2.78 higher on the daily report. While most primals were in fact lower for the day, hams saw a whopping \$18.96 increase as did bellies which were \$3.62 higher and offset the losses in the other cuts. Combined, hams and bellies make up approximately 41% of the value of the carcass so movements in the two, especially large ones, typically have an impact. Lean hog futures are trending lower this morning and while today's Export Sales report is considered 'good', it is not enough to prompt futures contracts higher. While lower than week-ago, physical shipments came in at 34,000 MT which is still ~50% higher than the five-year average for the marketing week and maintaining the trend that was established in June. Mexico was the number one customer taking 12,900 MT – China came in second with 7,400 MT. New net sales, often a driver of deferred futures, saw a notable increase compared to the previous week, but no where near the highs seen in the spring or late summer. While domestic demand concerns due to prolonged Covid-19 impacts are weighing on the market, export volumes (physical deliveries and commitments) will need to be stronger to nudge futures higher.

US soybean futures opened higher this morning. After seeing three straight sessions of pressure, US soybean futures are finding some support this morning. The nearby contract flirted with \$12.00 USD/bu earlier in the week but has not found support at that level yet. Contracts out to August, however, remain above the \$11.00 USD/bu mark. No help from this morning's export sales report though – net sales came in at 406,900 MT which is a marketing year low. Physical deliveries, however, remain robust and were 2.492 MMT for the week.

US corn futures opened higher this morning. Mexico committed to 656,900 MT of US corn out of the 1.371 MMT on this morning's Export Sales report. And while China has been receiving a lot of attention with some suggesting the country could import up to 30MMT from the US alone, new commitments from China were relatively modest at 154,800 MT. Physical deliveries were 1.072 MMT which is a marketing year high.

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Maple Leaf Sig 4	135.08 144.92	147.43 150.41	147.43 153.38	155.44 161.37	159.88 171.32	173.83 182.30	180.13 182.75	174.47 185.00	157.57 166.50
Soymeal Del Wpg/S.Man									

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STRENGTH IN NUMBERS

