

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, December 8, 2020

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

US Slaughter

497,000	Monday
493,000	Year Ago

Daily Prices

WCB	\$56.39
National	\$67.33
Nat'l Cutout Adj	\$70.11
Signature 4	\$152.98
BP4/TCP4	\$152.98
HyLife Cash	\$162.46
HyLife Cutout	\$169.17

BoC Rate (Noon) prev. day
\$1.2801 CAD / \$0.7812 USD

Cash Prices Week Ending

December 5, 2020

Signature 4	156.89/71.16
h@ms Cash	154.89/70.26
HyLife Cash	166.51/75.53
HyLife Cutout	172.00/78.02
BP4/TCP4	159.35/72.28
OlyWest 2020	156.40/70.94
OlyWest 2021 (Cutout)	171.90/77.97

2020 Top-Up (YTD Rolling Est.)

\$17.44 CAD/ckg

ISO Weans \$41.95 US Avg.

Feeder Pigs \$54.43 US Avg.

Forward contract prices opened mostly lower this morning. US cash markets are lower with the WCB, National, and the National cutout-adjusted bases down by \$0.10, \$0.74, and \$0.24 USD/cwt, respectively, relative to the previous day. For the most part, however, values remain at or near record levels for this time of year when comparing other 'normal' marketing years (i.e. excluding 2014). National remains at its highest level since 2014 - only 2017 was higher for the WCB and the cutout-adjusted variant for this marketing week in recent memory. But there are some headwinds approaching. Analysts elsewhere have noted that strong production numbers could be pressuring as more pork comes to market at the same time holiday demand backs off. Of course, domestic demand remains an ongoing concern amid limited travel, inconsistent Covid-19 protocols across the USA, and a vaccine that likely won't be available to the general population for months. For now, however, cash prices remain historically good and a severe drop in the next couple weeks is not presently expected. Lean hog futures started the session off on a lower note but have recovered and are making initial gains in the early morning trade. There is talk that export numbers need to remain strong for present values to hold, a sentiment with which we agree. Weekly export numbers will be revealed on Thursday and all market participants will be watching closely for clues on direction. In the meantime, futures values are mixed relative to cash history benchmarks when individual contracts are compared, but a blended average reveals futures contracts are ~2% higher than the five-year cash average. The market remains two-sided, choppy, and holding a sideways pattern in a somewhat wide, yet relatively established range for now.

US soybean futures opened lower this morning. US soybean futures continue to turn lower for the third consecutive session but also still maintain values above \$11.00 USD/bu out to the August 2021 contract. Improving South American weather and support in the soybean market have been limiting the downside in the past two sessions, but there is still strong demand and some concerns over S. American production especially if the weather turns less favourable once again providing underlying support.

US corn futures opened lower this morning. Like in the bean trade, recent rain in South America has provided some relief to dry areas. There are still ideas that China could enter the US market more substantially, but the volumes that were anticipated on Monday did not materialize. US corn remains above \$4.00 USD/bu for all monitored contracts and the nearby has been trading in a tight 10 cent range since last Tuesday.

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Maple Leaf Sig 4	132.99 140.26	142.76 145.71	143.74 149.64	151.69 157.51	156.61 168.30	170.79 179.20	176.99 179.65	172.39 182.83	156.27 165.12
Soymeal Del Wpg/S.Man									

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STRENGTH IN NUMBERS

