

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 9, 2020

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

US Slaughter

496,000	Tuesday
490,000	Year Ago

Daily Prices

WCB	\$56.25
National	\$67.78
Nat'l Cutout Adj	\$70.31
Signature 4	\$154.09
BP4/TCP4	\$154.09
HyLife Cash	\$163.55
HyLife Cutout	\$169.95

BoC Rate (Noon) prev. day
\$1.2808 CAD / \$0.7808 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 mixed mid-week with negotiated WCB region \$0.14 lower, National higher by \$0.45 and the cutout-adjusted variant \$0.21 USD/cwt higher relative to the previous day. All regions presently remain above historical average values for this marketing week and the WCB is at the highest level in recent memory. Despite this, however, the trend remains lower and the daily values are presently below the week-ago benchmark. It suggests that weekly base prices when calculated later this week could come in lower once again, albeit by only modest amounts; cash markets are essentially in a sideways pattern. The net value of the carcass is likewise holding steady and only saw a \$0.22 USD/cwt move higher on the day and remaining flat when compared to last week. Subsequently, cutout-based formulas did not exhibit much movement and certainly not with the volatility that was recently seen. Lean hog futures are mixed to start the session and remain directionless in terms of a broader trend. Futures markets have been seesawing daily, up one day and down the next. The fundamental picture has not changed, and the market is essentially waiting for the next round of news before embarking on a new trend. Even technical indicators are weak suggesting the trade may simply be in somewhat of a holding pattern for now. To be clear, there are daily movements, but most futures contracts remain rangebound and breakouts appear unlikely for now. The relatively high values seen in September and October are out of reach, but undue pressure is likewise not being called for either. Tomorrow's weekly Export Sales report will be closely watched for clues on direction. The consensus is that exports must remain at least at current trend levels for present values to hold.

US soymeal futures opened higher this morning. The December WASDE report will be released tomorrow mid-trade and the market is expecting for lower ending stocks relative to November which is common in the December report. The range of analysts' estimates ahead of the report are between 120 million and 190 million bu with the average at 168 million bu. If the upper range estimate is realized, it would represent the fourth lowest stock estimate going back to 2010.

US corn futures opened mixed this morning. Analysts' estimates ahead of tomorrow's WASDE report are coming in with a range between 1.550-1.775 billion bu and 1.691 billion bu on average. The November report estimated US corn ending stocks at 1.702 billion bu. Unlike beans, if the average is realized, it will be on pace with the 1.643 billion bu average ending stocks benchmark for December seen over the past 10 years.

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Maple Leaf Sig 4	132.34 139.59	142.09 145.04	143.22 149.12	151.16 157.18	156.27 168.71	171.21 179.60	177.65 180.06	172.42 182.88	155.94 164.80
Soymeal Del Wpg/S.Man									

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STRENGTH IN NUMBERS

