

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, December 10, 2020

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

**Forward contract prices opened mostly mixed this morning.** Daily US cash prices are once again lower this morning albeit only modestly. The negotiated WCB region is down \$0.84, National is \$0.32 lower and the National cutout adjusted variant is down \$0.47 USD/cwt compared to the previous day. Prices have trended lower for most of the reporting period and it is expected that the weekly base prices will be slightly lower for week ending December 12 (marketing week 50). Typically, cash pricing sees some softness out to the end of the year, and it is expected that this year will be no different even though 2020 has been anything but a normal year. Large slaughter numbers, relatively high live hog weights and thoughts that domestic demand could be a bit weaker than usual will likely keep some pressure on cash. However, prices in general, are trending above benchmarks presently and depending on the region, today's daily values range between 1% and 8% higher than the comparable weekly cash averages. Lean hog futures are trading lower to start the session but still maintaining a rangebound or sideways trend. The weekly Export Sales report did little to provide support as new net sales came in 15% lower than the previous reporting period. The 26,491 MT, while 68% higher than the five-year average for the marketing week, nonetheless represented a 15% drop relative to week-ago. Net exports are maintaining the trend seen over the past four weeks (on average), but the market will need to see higher commitments in order for support, let alone significant strength, to materialize. Physical deliveries remain robust at 41,990 MT for the week, representing a 23% increase relative to the prior week and maintaining an upward trend that developed in September. But the futures market is more focused on what can be expected further out and new net sales have recently fallen below expectations.

**US soybean futures opened higher this morning.** Physical deliveries of US soybeans came in at 2.691 MT which is notably above the pace of the seasonal pattern. Demand from China remains strong taking 1.899 MMT or 70% of the weekly total. New net sales have backed off somewhat and are at the lowest levels going back to 2011. However net sales typically start to trend lower after September and despite ideas that China will remain active in export markets, this year has been no different.

**US corn futures opened higher this morning.** Physical deliveries of US corn remain within seasonal ranges at 714,971 MT. The volume is slightly lower than the 838,530 MT average that developed in the middle of September. New net sales are at the upper end of the historical range for marketing week 49 coming in at 1.362 MMT against a 947,820 five-year average. The December WASDE report will be released later this morning.

US Slaughter	
496,000	Wednesday
492,000	Year Ago
Daily Prices	
WCB	\$55.41
National	\$67.89
Nat'l Cutout Adj	\$69.84
Signature 4	\$153.37
BP4/TCP4	\$153.37
HyLife Cash	\$162.94
HyLife Cutout	\$168.82
<b>BoC Rate (Noon) prev. day</b> \$1.2803 CAD / \$0.7811 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
<b>2020 Top-Up (YTD Rolling Est.)</b> \$17.44 CAD/ckg	
ISO Weans \$41.95 US Avg.	
Feeder Pigs \$54.43 US Avg.	

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Maple Leaf Sig 4	132.63 139.85	142.33 145.26	143.57 149.43	151.46 157.35	156.45 168.40	170.88 179.23	177.27 179.68	172.03 182.41	155.16 163.96
Soymeal Del Wpg/S.Man									

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