

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, December 23, 2020

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

Forward contract prices opened lower this morning. Daily US cash markets are steady-to-lower with the negotiated WCB region posting no change relative to previous day, National down \$0.04 USD/cwt, and the National cutout-adjusted base lower by \$0.72. Weakness developing in the value of the carcass is contributing to some cash pressure as the holiday demand rush for orders has concluded and post-holiday demand remains uncertain despite historically low cold storage volumes. The daily net value of all primals came in at \$68.16 which, when compared to the weekly historical averages, is the lowest value since the USDA started reporting carcass pricing this way in 2013. Ribs are currently the only bright spot as picnics and hams are decisively lower while butts and bellies are at their lowest values for this marketing week on record. There is only one more day in the price discovery period for week ending December 26 but due to the Christmas Eve closures, weekly prices *will not* be published here until Monday, December 28. Market participants are eagerly awaiting the Quarterly Hogs and Pigs report that will be released at 3:00 PM Eastern time after the market has already closed. All eyes will be on the heavier weight categories where there presently is no consensus on expectations. Results will be published here on Monday, December 28 but interested parties can still view the results after 2:00 PM Central time on the USDA website:

Analysts' Expectations vs. Dec 2020 Quarterly Hogs and Pigs Report			
	Range of estimates (% of 2019)	Avg. Pre-report	USDA Report
All hogs	97.2-100.2	99.0	
Breeding	97.2-98.5	98.2	
Marketing	97.3-100.3	99.0	
>180 lbs.	96.7-106.5	101.9	
120-179 lbs.	97.6-104.1	100.4	
50-119 lbs.	96.9-100.5	98.3	
<50 lbs.	95.8-98.9	97.6	

Source:: citing Reuters in NPB; USDA-NASS

<https://usda.library.cornell.edu/concern/publications/rj430453j>

The office will be closed Thursday, December 24, Friday, December 25, and reopening for normal business activity on Monday, December 28.

h@ms Marketing Services would like to wish all producers and industry partners a Merry Christmas and a safe holiday.

US soymeal futures opened higher this morning. While the US soybean trade did see a backing off in yesterday's session, the market nonetheless closed higher once again with follow-through buying developing this morning and new highs being made. The front-month contracts are making a run at \$13.00 USD/bu with less than \$0.40 to go in the nearby as of this writing. It may not get there today, but beans have seen an average daily gain of about \$0.16 USD/bu over the previous four sessions.

US corn futures opened higher this morning. Like beans, the US corn futures market is posting new highs for the second last session before the Christmas break. Demand and South American weather are supportive but US corn is also getting some support from strength in beans, soymeal, palm oil, and soy oil. There is an ongoing strike in Argentina at ports and crush plants that is disrupting the soy meal and oil pipelines. Argentina is the world's largest exporter of soymeal and soy oil.

US Slaughter	
480,000	Tuesday
163,000	Year Ago
Daily Prices	
WCB	\$52.17
National	\$64.40
Nat'l Cutout Adj	\$64.40
Signature 4	\$147.56
BP4/TCP4	\$147.56
HyLife Cash	\$155.98
HyLife Cutout	\$155.98
BoC Rate (Noon) prev. day \$1.2908 CAD / \$0.7747 USD	
Cash Prices Week Ending December 19, 2020	
Signature 4	151.56/68.75
h@ms Cash	149.54/67.84
HyLife Cash	160.30/72.71
HyLife Cutout	161.72/73.36
BP4/TCP4	153.55/69.65
OlyWest 2020	150.40/68.22
OlyWest 2021 (Cutout)	167.10/78.80
2020 Top-Up (YTD Rolling Est.) \$17.24 CAD/ckg	
ISO Weans \$45.10 US Avg.	
Feeder Pigs \$56.15 US Avg.	

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
Maple Leaf Sig 4	144.13	146.64 149.60	148.12 154.05	156.10 161.99	160.85 172.25	174.76 183.19	180.52 183.65	175.10 185.59	157.50 166.39
Soymeal Del Wpg/S.Man	n/a								

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Headingley Main Office	h@ms Holiday Schedule 2020/2021	Risk Management (all times Central)
Closed	Thursday, December 24	Closed
Closed	Friday, December 25	Closed
OPEN	Monday, Dec. 28 to Thursday, Dec. 31	OPEN
Closed	Friday, January 1	Closed