

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, January 13, 2021

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

US Slaughter

498,000 Tuesday
 500,000 Year Ago

Daily Prices

WCB \$54.44
 National \$67.63
 Nat'l Cutout Adj \$71.27
 Signature 4 \$153.00
 BP4/TCP4 \$153.00
 HyLife Cash \$163.02
 HyLife Cutout \$171.80

BoC Rate (Noon) prev. day
 \$1.2746 CAD / \$0.7846 USD

Cash Prices Week Ending

January 9, 2021

Signature 4 147.11/66.73
 h@ms Cash 145.11/65.82
 HyLife Cash 156.81/71.13
 HyLife Cutout 169.94/77.08
 BP4/TCP4 143.07/64.90
 OlyWest 2020 138.90/63.00
 OlyWest 2021 (Cutout) 160.00/72.58

2020 Top-Up (Estimated Final)

\$17.16 CAD/ckg

ISO Weans \$51.58 US Avg.

Feeder Pigs \$68.80 US Avg.

Forward contract prices opened lower this morning. Daily US cash base prices continue to seesaw with the WCB making up for the previous day's losses and coming in \$3.39 USD/cwt higher relative to the previous report. The National region continued the previous day's gains, was up another \$0.90, and maintains its upward trajectory for the beginning of the year. The National cutout-adjusted base gave back \$2.96 and reversed the previous two-day upward trend but is still net higher relative to last week. All regions are trending higher to start the year. Some daily variability in the value of the carcass is pressuring cutout-referenced pricing, but the net value of the cutout out is still trending higher; hams are particularly strong and at their highest level going back to 2013 when the USDA first started reporting primal values in the new way. Bellies are not at record levels (presently second at \$127.20 for this marketing week) but they are on a path higher – interestingly enough, bellies have risen in the first weeks of the year every year, also since the new report format in 2013. Lean hog futures are lower at the open and have retraced the gains seen on Monday and Tuesday. This is unsurprising as the fundamental picture has not changed sufficiently and technical resistance levels were reached in yesterday's trade. It will be interesting to see if there is follow-through buying, especially from China, in tomorrow morning's weekly Export Sales report. If there is, strength is likely to return and could test resistance levels once again if volumes of 40,000 MT or more is reported in new net sales for all regions in the reporting period; if not, look for a steady to lower futures trade on Thursday, all else equal. Canadian forward contract prices are holding steady for a 'nine-month' contract and are still considered fair value relative to cash average settlement histories over a respective timeframe.

US soymeal futures opened lower this morning. While US soybeans are indeed trading lower as of this writing, they are not 'low' per se. Yesterday's WASDE report was considered bullish by the trade and at the end of the session beans closed above \$14.00 USD/bu. Average expectations ahead of the report were for 139 million bu. in ending stocks; the USDA pegged ending stocks in the January report at 140 million bu., a 35 million bu. reduction from the December report on already very tight ending stocks estimates.

US corn futures opened mixed this morning. Like beans, US corn futures moved higher after the release of the January WASDE report on tightening ending stocks. The three front-month contracts locked limit up and closed above \$5.00 USD/bu. Average expectations ahead of the release were for ending stocks to come in at 1.599 billion bu.; the report showed ending stocks to be 47 million bu. lower than the average estimate at 1.552 billion bu.

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Maple Leaf Sig 4		143.33 144.69	147.21 155.57	155.57 164.39	162.36 177.22	179.71 188.06	186.49 188.51	181.35 191.73	163.87 172.67	160.96 163.89
Soymeal Del Wpg/S.Man	n/a									

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h@ms Marketing Risk Management will be closed

Monday, January 18 for Martin Luther King Day in the USA - Markets are closed.

Forward contracting will be suspended and no price information will be available/published.

Normal business resumes on Tuesday, January 19. The regular office will be open on Monday.