

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, January 21, 2021

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

US Slaughter

498,000	Wednesday
493,000	Year Ago

Daily Prices

WCB	\$56.31
National	\$67.83
Nat'l Cutout Adj	\$71.12
Signature 4	\$152.38
BP4/TCP4	\$152.38
HyLife Cash	\$162.83
HyLife Cutout	\$170.72

BoC Rate (Noon) prev. day
\$1.2656 CAD / \$0.7901 USD

Cash Prices Week Ending

January 16, 2021

Signature 4	152.31/69.09
h@ms Cash	150.31/68.18
HyLife Cash	162.33/73.63
HyLife Cutout	172.82/78.39
BP4/TCP4	147.11/66.73
OlyWest 2020	145.40/65.95
OlyWest 2021 (Cutout)	165.00/74.84

2020 Top-Up (Estimated Final)

\$17.16 CAD/ckg

ISO Weans \$55.60 US Avg.

Feeder Pigs \$65.12 US Avg.

Forward contract prices opened higher this morning. US cash markets are higher with the negotiated WCB region making daily gains this week and up \$1.54 USD/cwt as the National region is up \$0.52 and the National cutout-adjusted base is \$1.44 higher relative to the previous day. Daily cash values in all US regions used for price discovery in Western Canada are trending higher than the weekly cash average in their respective weeks for now. There is a bit of a peculiarity in the pork market where despite historically lower cold storage and anecdotal evidence that meat buyers are in the market, belly prices continue to come under pressure. To be sure, bellies typically head lower heading into the spring as a general trend, but this year, the price action in the primal is a bit odd considering the above. Lean hog futures continue the upward momentum that began in yesterday's session. The fundamental picture has not changed drastically but record pork exports and some post Covid-19 optimism are providing underlying rationale for the support. The summer month futures to the end of 2021 are revealing notable value compared to cash average benchmarks and when blended out to the end of the year, there is an 11% premium relative to the historical cash market. Interestingly, June contracts forward over the same time frame are only 8% lower than the April highs seen in 2019 when ASF speculation entered the market almost two years ago. There may indeed be more value yet to be revealed in the futures, but present levels represent a good hedging opportunity in very uncertain times.

US soymeal futures opened higher this morning. US soybean futures are potentially looking to define the 'bottom' of a new range as values move higher in this morning's session following three consecutive down days that developed at the beginning of the week. Demand profiles are bullish as exports remain robust while the USA contends with a tight balance sheet and apparently no rationing for now. The weekly Export Sales report, normally released this morning, will be delayed until tomorrow due to the holiday shortened week in the US.

US corn futures opened higher this morning. Like beans, the US corn futures trades is mounting a bit of a recovery after three sessions of corrective action that many pundits were anticipating. Ending stocks of US corn, while hovering around the 10-year average, are in a much better position compared to those of beans and there is still some concern on overall ethanol demand, but export demand for US corn remains robust and lowering South American crop production estimates are supportive. The market could merely be attempting to define a new range.

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct
Maple Leaf Sig 4		145.67	149.99 158.27	158.27 167.04	165.03 177.83	180.29 188.57	186.69 189.02	181.50 191.80	164.53 173.26	161.93 164.84
Soymeal Del Wpg/S.Man	n/a									

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STRENGTH IN NUMBERS

