

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, January 29, 2021

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

US Slaughter

495,000	Thursday
491,000	Year Ago

Daily Prices

WCB	\$58.07
National	\$69.77
Nat'l Cutout Adj	\$75.14
Signature 4	\$158.64
BP4/TCP4	\$158.64
HyLife Cash	\$168.02
HyLife Cutout	\$180.95

BoC Rate (Noon) prev. day
\$1.2810 CAD / \$0.7806 USD

Cash Prices Week Ending

January 30, 2021

Signature 4	156.14/70.82
h@ms Cash	154.14/69.92
HyLife Cash	166.77/75.65
HyLife Cutout	178.66/81.04
BP4/TCP4	152.94/69.37
OlyWest 2020	149.40/67.77
OlyWest 2021 (Cutout)	168.30/76.34

2020 Top-Up (Estimated Final)

\$17.16 CAD/ckg

ISO Weans \$52.37 US Avg.

Feeder Pigs \$70.33 US Avg.

Forward contract prices opened lower this morning. Daily US cash markets are higher to finish the week for the last two reporting periods. Despite some daily variability (up one day, down the next), the net result has been for weekly cash prices to move incrementally higher in most regions except for the USDA cutout-formula base which was down \$0.14 USD/cwt for week ending January 30. The weekly WCB, National, and National cutout-adjusted regions were higher by \$1.47, \$1.16 and \$2.07, respectively. How much strength is behind the current trend? While that remains to be seen, probably not much for the next couple weeks unless something drastic changes fundamentally. The CME Lean Hog Index 'cash' and the futures price need to converge when the front-month contract expires in two weeks. The CME Lean Hog Index was \$67.29 on February 27; the February futures contract was \$69.80 at the close today. For comparative base pricing, the National region was \$69.77 today. In short, unless some news develops in a relatively short period of time, weekly cash prices will likely remain at relatively steady levels for the next two weeks. Lean hog futures closed the week in a sideways pattern which has been a feature of the futures market for most of this week. Wednesday February 27 started the session amid recent highs but the subsequent trade for the session and the pattern over the next two was to bias lower than the Wednesday open. Strong new net sales on the weekly Export Sales report yesterday were not enough to entice higher values likely because while China was on the report in a respectable way, the numbers were about 10,000 MT off the higher commitments seen from China earlier. The net result is a trade that sees futures values approximately 12% higher than comparable cash benchmarks over respective timeframes on Friday. It is 1% off the 13% premium seen earlier in the week.

US soymeal futures opened higher this morning. US soybean futures appear to be consolidating at current levels with the front-month contract closing at \$13.67 USD/cwt at the end of the Friday session. Following the managed money sell-off last week, beans quickly made a recover, but did not reach the \$14+ highs of the previous week. Massive amounts of exports and a weak US balance sheet are behind most of the support. Talk of a trucker strike in Brazil as harvest ramps up would add more support in the short term.

US corn futures opened higher this morning. Unlike beans, US corn futures are once again making new highs following the fund liquidation last week. US corn traded above \$5.00 USD/bu out to the July 2021 contract on Friday. Massive speculation on China buying is being backed up with commitments of US corn as well as the highest US ethanol footprint into China from the USA in years.

FC Range (at opening)	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov
Maple Leaf Sig 4			157.73 165.67	165.67 173.00	170.14 181.71	183.98 191.70	188.62 192.15	182.97 192.47	166.16 174.30	163.63 165.90	151.63 160.23
Soymeal Del Wpg/S.Man	n/a										

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STRENGTH IN NUMBERS

