

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 2, 2021

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

## US Slaughter

483,000 Monday  
491,000 Year Ago

## Daily Prices

WCB	\$57.44
National	\$70.53
Nat'l Cutout Adj	\$74.39
Daily Cutout	\$82.66
Signature 4	\$160.55
BP4/TCP4	\$160.55
HyLife Cash	\$169.92
HyLife Cutout	\$179.22

**BoC Rate (Noon) prev. day**  
\$1.2824 CAD / \$0.7800 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

ISO Weans \$54.41 US Avg.

Feeder Pigs \$67.76 US Avg.

**Forward contract prices opened higher this morning.** Daily US cash markets are mixed with the WCB region down \$0.32 USD/cwt and the National region up \$0.59. Daily weakness in the cutout was led by hams posting a one-day \$8.40 move lower for a carcass net change of negative \$2.70. The impact on the National cutout-adjusted price was thus \$2.43 as cutout-referenced prices are always more sensitive to moves in daily carcass values whether they move higher or lower. Incidentally, the daily cutout is presently third highest for this marketing week and cutout-adjusted base prices are 4% and 6% higher for USDA cutout-formula and National cutout-adjusted references, respectively, when compared to their weekly benchmarks. The trend in all regions remains higher. Lean hog futures sold off in the last minutes of the session yesterday for a net negative change in the front-month contracts. There is some talk making the rounds that export demand needs to remain at present levels for values to hold, but that has always been the case. Thursday's Export Sales report will provide some clues but as always, the market will be looking for strong China representation. While the past two consecutive reports have been considered 'good', it was Mexico, not China, in the number one position in terms of volume. Despite the announcement that China had the first 'official' ASF outbreak in three months, not to mention a new strain emerging from an illegal vaccine, new commitments from China have been muted relative to expectation. Good, but not as high as anticipated. The weekly Export Sales report will be published before trading on Thursday, February 4.

\*Correction – yesterday we wrote in the comments that the weekly hog slaughter estimate was 2.738 million last week. The estimated slaughter last week was 2.658 million or 1.4% below year ago as reported correctly in the information column\*

**US soymeal futures opened lower this morning.** US soybean futures continue to see some weakness as the market attempts to carve out a new range in the present marketing environment. China remains active in the US market, but the approaching Lunar New Year holiday is expected to temper some of the demand activity even though China is not expected to back off as a general trend. The truckers' strike in Brazil has reportedly not been as disruptive as first anticipated and Brazil harvest pressure is keeping the upside in check for now.

**US corn futures opened lower this morning.** Follow-through buying in the US corn futures has not developed this morning and after seeing six straight sessions of strength, the trade is lower this morning. New highs for the nearby contract were reached just over the \$5.50 USD/bu mark yesterday but closed at \$5.49. Profit taking at the highs has been cited as rationale for the move lower this morning.

Forward Range  
(at opening)

Mar

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Maple Leaf  
Sig 4

159.61  
164.85

164.85  
172.18

170.36  
182.14

184.42  
192.16

190.47  
192.62

184.96  
194.52

168.27  
176.47

165.54  
167.82

153.01  
161.67

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STRENGTH IN NUMBERS

