

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, February 3, 2021

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

US Slaughter

495,000	Tuesday
493,000	Year Ago

Daily Prices

WCB	\$61.92
National	\$71.26
Nat'l Cutout Adj	\$72.99
Daily Cutout	\$81.10
Signature 4	\$162.14
BP4/TCP4	\$162.14
HyLife Cash	\$172.26
HyLife Cutout	\$176.44

BoC Rate (Noon) prev. day
\$1.2818 CAD / \$0.7802 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 mid-week, but the trend remains decisively higher. The WCB region gained \$4.48 USD/cwt relative to the previous day amid unsubstantiated rumors that animals in the negotiated market have become tight. The National base was \$0.73 higher while the cutout-adjusted variant was \$1.40 lower as the net value of the carcass fell, led by bellies, for a net negative \$1.56 daily change. Despite the mixed nature in cash markets, daily values are 4% higher than the three-year weekly base prices for this marketing week in the National regions (both variants) and the move today put the WCB only 1% lower than its comparable average when that difference was 8% lower yesterday and double digits lower only two weeks ago. Lean hog futures continue to move incrementally higher as the optimism on economic recovery in the US and thoughts that a limiting breeding herd could reduce supplies start to take hold. Markets do remain choppy, however, and sustained support is not guaranteed despite the supportive tone. For example, forward contract prices in Canadian dollars are over \$2.00 CAD/ckg lower than the early session highs seen this morning, depending on the contract. In any event, 'blended' futures contracts are approximately 15% higher than a 'National' base price from April to December – the October contract is 18% higher and all contracts over the time period are only 7% lower than the April 2019, ASF-speculation high level. Prices may indeed see further support, but forward contract values are good value at these levels, nonetheless.

US soymeal futures opened higher this morning. US soybean futures have found some support and are up this morning relative to the previous day. The trade appears to be establishing a range that hasn't moved beyond \$0.60 USD/bu when the highs and the lows over the past six sessions are compared; it is a comparatively tight range. Tomorrow, the weekly Export Sales report will be released but market participants are already pricing in expectations based on daily 'flash sales' reporting.

US corn futures opened higher this morning. Like beans, US corn futures are finding some support after a 'down day' yesterday, but the 'weakness' in yesterday's session is a relative concept. The nearby US corn futures contract has been trading at contract highs and hovering around the \$5.50 USD/bu mark over the previous three sessions. Ongoing export demand, record demand from China, and some production concerns are presently supporting the trade.

Forward Range
(at opening)

	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov
Maple Leaf Sig 4	166.86 172.08	172.08 179.33	174.38 185.97	188.24 195.96	192.36 196.42	185.78 195.31	168.80 176.97	166.24 168.52	153.36 161.99

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STRENGTH IN NUMBERS

