

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 4, 2021

For details call: (204)235-2237 or visit  
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## US Slaughter

495,000	Wednesday
490,000	Year Ago

## Daily Prices

WCB	\$65.67
National	\$71.05
Nat'l Cutout Adj	\$72.21
Daily Cutout	\$80.23

Signature 4	\$161.22
BP4/TCP4	\$161.22
HyLife Cash	\$171.68
HyLife Cutout	\$174.47

**BoC Rate (Noon) prev. day**  
\$1.2783 CAD / \$0.7823 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 mixed this morning.** Daily US cash markets are mixed with the National region down \$0.21 USD/cwt while cutout-adjusted variant is also lower by \$0.78 relative to the previous day. Negotiated hogs in the WCB however continue a decisive path upward and came in \$3.75 higher in a move that now puts the daily value 5% higher than the weekly average typically seen in this marketing week. Speculation on tight negotiated supplies and some short processing weeks are believed to be behind the move. Compared to other years and other regions, the WCB stands out as an outlier and market watchers will be watching the region closely to see where the weekly base price ends up at the end of the week. Lean hog futures continue to reside at levels amid contract highs, but the trade is generally leveling out after the support that developed on January 20. This morning's Export Sales report was considered good with China regaining the number one position in terms of new net exports and taking 17,900 MT out of the 46,300 MT total for week ending January 28. But the net weekly volume was ~12% lower than the previous reporting period and bucking the upward trend seen since the beginning of the year. Physical deliveries were likewise lower than week ago and softening 3%. Forward contract values priced in Canadian dollars are getting a boost from the value of the CAD which is down 4/10ths as of this writing.

**US soymeal futures opened higher this morning.** US soybean futures are moderately higher as of this writing and maintaining a tight range that was established last week. Physical deliveries of US soybeans for export came in at 1.963 MMT or ~11% lower than the previous week. New net sales of beans were substantially higher than week ago in terms of percent (77%), but the previous reporting period was unusually low so the 823,978 MT for this reporting period is only high in relative terms.

**US corn futures opened higher this morning.** Physical deliveries of US corn for export came in ~30% lower than the previous reporting period albeit at the upper end of the historical range for this marketing week. But the real news was the number in new net sales which came in at 7.436 MMT (!). When a number that large shows up on the report, it is usually due to a reporting lag at the USDA (during the government shutdowns for example). This year, it is the actual new net demand number, largely from China committing to 5.860 MMT (!).

Forward Range  
(at opening)

Mar

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Maple Leaf  
Sig 4

167.45  
172.69

172.69  
179.86

174.05  
185.67

187.94  
195.68

192.51  
196.14

186.48  
196.04

169.41  
177.61

166.64  
168.92

153.56  
162.20

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