

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 9, 2021

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

498,000	Monday
491,000	Year Ago

Daily Prices

WCB	N/A
National	\$72.28
Nat'l Cutout Adj	\$76.28
Daily Cutout	\$84.87

Signature 4	\$163.63
BP4/TCP4	\$163.63
HyLife Cash	\$174.09
HyLife Cutout	\$183.97

BoC Rate (Noon) prev. day
\$1.2753 CAD / \$0.7841 USD

Cash Prices Week Ending

February 6, 2021

Signature 4	161.01/73.03
h@ms Cash	159.01/72.13
HyLife Cash	171.85/77.95
HyLife Cutout	179.89/81.60
BP4/TCP4	156.14/70.82
OlyWest 2020	155.10/70.35
OlyWest 2021 (Cutout)	174.50/79.15

ISO Weans \$55.47 US Avg.

Feeder Pigs \$74.76 US Avg.

Forward contract prices opened higher this morning. Negotiated pricing in the Western Corn Belt was not published due to confidentiality; formula prices for the National and the National cutout-adjusted base were \$0.59 and \$0.62 USD/cwt higher relative to the previous day. Export numbers derived from customs data were recently released for the month of December allowing the market to look at how the year 2020 progressed. In aggregate, the USA exported 11% more pork than year ago which built upon a 10% increase seen in 2019. The 2.9 MMT is the highest number on record. China led the increases after years of remaining comparatively flat (taking between 203,000 and 362,000 MT annually and trending lower in 2017 and 2018), and this year's 996,000 MT represents a high-water mark for imports of US pork into China. The year 2020 saw China take 73% more pork than in 2019 which likewise saw a substantial increase over 2018 due to the ASF outbreak in 2019 that decimated the Chinese hog herd and reduced supplies. While some analytics firms had been calling for reduced Chinese pork imports in 2021 on ideas the herd is rebuilding at a faster-than-anticipated pace, recent reports of new ASF outbreaks and a new strain believed to be surfacing from an illegal vaccine against the first ASF variant is prompting some doubt into those forward-looking statements. Optimism on post Covid-19 demand recovery, ongoing export strength, and potentially reduced domestic supplies due to a reduced US breeding herd are all having a bullish impact on the lean hog futures market. Lean hog futures are mixed this morning but still trading amid contract highs.

US soybean futures opened higher this morning. At 12:00PM Eastern time, the USDA will release the February WASDE report. Consensus from analysts ahead of the release is for US ending stocks of soybeans to once again be lowered. Expectations on estimates ahead of the report range between 105 million and 140 million with an average of 123 million bushels. The January WASDE report pegged US ending stocks at 140 million bu. The two front-month futures contracts are trading above \$14.00 USD/bu. as of this writing.

US corn futures opened mixed this morning. US corn futures continue to make new contract highs and trade at levels not seen in over seven years. Late Safrinha (second) crop planting in Brazil and a tightening US balance sheet are factors behind the strength. Today's WASDE report is expected to show a continued tightening of US ending stocks with analysts ranging between 1.108 billion and 1.515 billion ahead of the report. The January ending stocks number was pegged at 1.552 billion bushels.

Forward Range
(at opening)

Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov
171.10 172.91	172.91 180.20	174.78 186.30	188.56 196.25	194.00 196.70	187.79 197.28	169.72 177.85	167.35 169.62	153.50 162.10

Maple Leaf
Sig 4

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