

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 11, 2021

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

Forward contract prices opened mixed this morning. Daily US cash markets continue to trend upward with all monitored regions higher relative to the previous day. Daily prices are presently between 6% and 11% higher than their comparable weekly cash prices for the current marketing week but none (except the National cutout-adjusted base) are at their highest levels for this week in recent memory. Lean hog futures are mixed in the early morning session, at first moving lower, finding support, and then moving lower again. The trade is two-sided and choppy as the market attempts to reconcile current information. New, officially reported ASF outbreaks including new strains in China, first reports of ASF outbreaks in Hong Kong, good demand from all channels, Covid-19 vaccine roll-out, cold storage rebuilding, and ideas that US supplies could be limited on a reduced breeding herd are supportive. Prolonged Covid-19 restriction protocols, potentially softening exports (see below), technical resistance levels, ideas that the fundamentals are priced in for now, and breaking news that China has 'discovered' Covid-19 on a US pork shipment are pressuring. This morning's Export Sales report showed physical deliveries are maintaining the current trend and only 1.3% below week-ago. While shipments are notably higher than the five-year average, they are approximately 12% below 2020 levels for the past three reporting periods on average. New net sales were 20% below the previous reporting period, but still maintaining a considerably lead over the five-year average for this marketing week, and 25% higher than same week last year. China committed to 9,700 MT but there was also a 1,200 MT decrease on the report and the market will be watching very closely to see if the 'discovery' of Covid-19 on a US pork shipment will have any bearing on future commitments. Exports in general, and to China specifically, needs to be more prominent for present values to hold.

US soybean futures opened higher this morning. Physical deliveries of US soybeans remain strong coming in at 2.213 MMT for week ending February 4. Deliveries have been ~83% higher than the five-year average to start the 2021 calendar year. New net sales were less impressive coming in at 804,772 MT but still notably higher than the five-year average. China is expected to be a major importer of beans, but some harvest pressure from Brazil could develop in the short term even if harvest is behind.

US corn futures opened mixed this morning. Weekly deliveries of US corn moved higher this week coming in at 1.565 MMT or 57% higher than week ago. The export pace since the beginning of 2021 has been just over double of the five-year average, on average (some weeks higher, some weeks lower). New net commitments were substantially lower than week-ago, but the 7.436 MMT on last week's report was completely out of the ordinary. This week's 1.488 MMT is more in line with the trend seen since last November and at the upper end of the historical range of commitment pace.

US Slaughter	
490,000	Wednesday
492,000	Year Ago
Daily Prices	
WCB	\$67.74
National	\$73.71
Nat'l Cutout Adj	\$78.17
Daily Cutout	\$86.86
Signature 4	\$166.01
BP4/TCP4	\$166.01
HyLife Cash	\$176.71
HyLife Cutout	\$187.42
BoC Rate (Noon) prev. day \$1.2689 CAD / \$0.7881 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 Range (at opening)	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	178.80 181.95	175.92 186.27	187.62 195.26	192.96 195.71	186.93 196.39	169.20 177.31	166.50 168.75	153.71 161.37	154.61 156.41

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.