

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 12, 2021

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

US Slaughter

494,000	Thursday
488,000	Year Ago

Daily Prices

WCB	\$67.14
National	\$74.43
Nat'l Cutout Adj	\$79.98
Daily Cutout	\$88.87

Signature 4	\$167.59
BP4/TCP4	\$167.59
HyLife Cash	\$178.02
HyLife Cutout	\$191.31

BoC Rate (Noon) prev. day
\$1.2686 CAD / \$0.7883 USD

Cash Prices Week Ending February 13, 2021

Signature 4	165.06/74.87
h@ms Cash	163.06/73.96
HyLife Cash	176.26/79.95
HyLife Cutout	186.85/84.75
BP4/TCP4	161.01/73.03
OlyWest 2020	159.60/72.39
OlyWest 2021 (Cutout)	177.40/80.47

ISO Weans \$55.47 US Avg.

Feeder Pigs \$74.76 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets are mixed to finish the week, but the trend remains biased to the upside. Weekly base prices in all monitored regions are higher than week-ago with WCB up \$4.52 USD/cwt, the National and National cutout-adjusted references \$2.25 and \$3.32 higher, respectively, and the USDA cutout-formula base up \$0.95. All weekly base pricing is now higher than their five-year averages, but only the National cutout-adjusted benchmark is making new highs for the present marketing week; the remainder are still being outpaced by either 2017 or 2018 values, or both. Lean hog futures continue their upward trend on speculative optimism - technical indicators suggest many contracts are presently overbought. Since January 20 (the beginning of the most recent rally), futures values have risen by approximately 16%, 8%, and 3% for April, June, and December contracts, respectively, and are only about 5% lower than the highs seen during the ASF rally in April 2019 when the April to December contracts are 'averaged out'. New contract highs have been made all this week in a trend that started also on January 20. Some perspective may be in order, however. Using April 2019 contract highs as a starting point, average 2019 cash prices over the present average contract period came in lower than the futures values posted in April by approximately 19%; when using five-year average cash values over the same timeframe, cash prices were lower by 24% compared to futures values in April 2019. To be clear, markets may indeed move higher and the futures could be pricing in cash outlooks; cash markets this year will likely be supported on lower supplies and good demand further out.

*****Please note: h@ms Marketing Services' Risk Management department will be closed on Monday February 15. Markets are closed due to President's Day in the USA*****

US soymeal futures opened lower this morning. After creeping above the \$14.00 USD/bu mark again this week, the nearby contract moved approximately \$0.50 lower in the following session and has been trading in the mid \$13.60s since yesterday. There is talk that China may be not as aggressive over the Lunar New Year holiday and may even switch focus more toward Brazil as harvest ramps up in South America. The extremely tight balance sheet will likely keep prices elevated in the meantime, nonetheless.

US corn futures opened lower this morning. Like beans, US corn futures also saw some downward pressure on February 10 but have been trading at current levels since yesterday. The market is 'lower' to finish the week, but prices are not 'low' per se at \$5.37 USD/bu. for the front-month contract. New commitments of US corn into China are expected to soften over the holiday period but demand from the region is expected to remain strong in the mid-term.

Forward Range
(at opening)

Maple Leaf
Sig 4

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
	184.84 188.00	179.57 189.97	191.32 199.01	195.90 199.46	189.69 199.18	171.21 179.34	168.52 170.78	155.53 163.22	156.44 158.25

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STRENGTH IN NUMBERS

