

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, February 16, 2021

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

US Slaughter

2.664 mil.	Last Week
2.589 mil.	Year Ago

Daily Prices

WCB	\$68.75
National	\$76.40
Nat'l Cutout Adj	\$82.13
Daily Cutout	\$91.26

Signature 4	\$172.38
BP4/TCP4	\$172.38
HyLife Cash	\$183.07
HyLife Cutout	\$196.79

BoC Rate (Noon) prev. day
\$1.2711 CAD / \$0.7867 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 \$53.87 US Avg.

Feeder Pigs \$77.78 US Avg.

Forward contract prices opened mixed this morning. Daily US cash markets are starting marketing week seven of 2021 on a higher note with negotiated and formula regions posting gains relative to the previous day. The trajectory since the beginning of the year has been a clear path higher but it is important to note that this is not unprecedented. Only the National cutout-adjusted base price is breaking new ground because of its tighter relationship with the value of the carcass which is presently at the levels second only to 2014 and ~13% higher than the five-year average. Weekly slaughter was estimated at 2.664 million head or 2.9% higher than year-ago; Saturday processing was estimated at 216,000 which while lower than last week, and somewhat following historical trendlines, was still at record levels for the marketing week. Lean hog futures continue to push higher despite being technically overbought since the February 3 session. The steady increase has so far resulted in futures values that, when averaged from April to December, are only 3% lower than the speculative rally seen in April of 2019. Future values, again when averaged, are presently 20% higher than cash average benchmarks (National base).

US soymeal futures opened higher this morning. US soybean futures are trading off the highs this morning but are higher due to some underlying support. South American weather is a bit drier for the next 10-14 days and the harvest pace in Brazil is behind. China demand continues to have a bullish influence on the market but the pace of is expected to back off a bit this week as Lunar New Year holidays interrupt normal business.

US corn futures opened higher this morning. While US corn futures are indeed higher than the Friday close, the market is backing off a bit as of this writing. To be clear, prices are still high (nearby contract at \$5.45 USD/bu as of this writing), but the market has still not retracted the sell-off that developed on February 9 and 10. China demand activity is expected to be weaker this week but only due to the Lunar New Year holiday.

Forward Range
(at opening)

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	186.74 189.89	181.00 191.35	192.70 200.35	196.98 200.80	190.17 199.63	171.14 179.25	168.31 170.56	155.37 163.02	156.27 158.07

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STRENGTH IN NUMBERS

