

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, February 19, 2021

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

## US Slaughter

479,000	Thursday
494,000	Year Ago

## Daily Prices

WCB	\$71.82
National	\$78.75
Nat'l Cutout Adj	\$81.73
Daily Cutout	\$90.81

Signature 4	\$177.46
BP4/TCP4	\$177.56
HyLife Cash	\$188.70
HyLife Cutout	\$195.84

**BoC Rate (Noon) prev. day**  
\$1.2696 CAD / \$0.7867 USD

## Cash Prices Week Ending

### February 20, 2021

Signature 4	173.87/78.87
h@ms Cash	171.87/77.96
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	165.06/74.87
OlyWest 2020	167.00/75.75
OlyWest 2021 (Cutout)	184.10/83.51

ISO Weans \$53.87 US Avg.

Feeder Pigs \$77.78 US Avg.

**Forward contract prices opened lower this morning.** Daily US cash markets are stronger to finish the week with all regions higher relative to the previous day. Weekly base pricing has been established in several regions for week ending February 20 and the benchmarks are also higher than week ago. The negotiated WCB base is up \$3.88 USD/cwt representing the third highest week over week change since the beginning of the year. 'Traditional' National-based pricing saw the largest gains of the year coming in \$4.05 higher than the previous week while the USDA cutout-formula benchmark saw the second highest weekly increase at \$3.35. When the National cutout-adjusted base is calculated later today, it too will likely be higher in the neighbourhood of the \$3.30s and will also be the largest weekly gain since the beginning of 2021. All regional base pricing is now at record levels for this time of year (not counting 2014) and between 10% and 17% higher than the three-year average for marketing week seven. Following some corrective sessions on Wednesday and Thursday, lean hog futures are finishing the week off on a higher note. The lack of new buying interest from China on this morning's Export Sales report is being shrugged off by the market as a seasonal expectation and ideas that it was not business as usual over the reporting period which included the Lunar New Year holiday. New net sales came in about 10% lower than the previous week at 33,279 MT with Japan, Mexico, and South Korea (i.e., traditionally strong export partners for the US) taking the top three positions in terms of volume. It is expected that when China 'returns' it will only add to the firm export demand generally. The USDA is hosting its Outlook Forum this week and there are still ideas that China will be scaling back interest as the country continues to rebuild its hog herd, but demand is expected to be strong throughout 2021 and backing off only by about 1.5% net all export partners relative to 2020 which was a record year for US pork exports.

**US soymeal futures opened higher this morning.** The Lunar New Year holiday also impacted US soybean exports with China notably, but not unexpectedly, absent in the new net sales category. New net sales of beans for week ending February 11 came in at 455,900 MT or 43% lower than the previous reporting period. Physical deliveries were down 55% at 1.0 MMT but China, although backing off, was still the number one destination for US beans taking 400,300 MT.

**US corn futures opened mixed this morning.** Like beans, US corn exports were lower than the previous reporting period but due to exceptionally strong demand from China, this is not a complete surprise considering the holiday. New net sales were down 31% at 999,200 MT while physical deliveries, at 1.387 MMT were also down by 11% relative to the previous week. Current marketing year outstanding commitments remain record high at 35.584 MMT.

Forward Range  
(at opening)

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf  
Sig 4

183.76  
186.90

180.11  
190.42

191.76  
199.37

196.31  
199.82

189.93  
199.34

171.11  
179.17

168.33  
170.57

155.68  
163.29

156.58  
158.37

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STRENGTH IN NUMBERS

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