

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, February 24, 2021

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

Forward contract prices opened mixed this morning. Daily US cash markets are showing some mixed variability, but the trend remains strongly biased to the upside. The WCB was \$1.53 USD/cwt higher, National up \$0.85, while the National cutout-adjusted reference was down \$0.55 as the cutout report revealed some softness in the USDA's daily report. When observing the daily prices against the historical weekly averages, the WCB and National regions are at their highest levels going back to August of 2019 (!). And while the spread between the two regions was exceptionally wide last year (and at \$13.05 in the first marketing week of 2021), the two reference prices are only \$3.44 apart today. Lean hog futures are taking a bit of a breather today but are still residing amid contract highs. This morning's Export Sales report was considered lacklustre, but the market is very aware that China was still on Lunar New Year holidays over the reporting period. In any event, new net sales came in at 25,607 MT which while at the lower end of the recent trend, was still 16% higher than the five-year average for the catchment period and 7% higher than year ago. Physical deliveries were considered to be holding the recent trend which is to see approximately 35,000 MT of US pork shipped per week for over a year (2020 average was approximately 37,000 MT). China was again in number one spot taking 11,900 MT over the reporting period for week ending February 18.

US soybean futures opened lower this morning. There are reports surfacing that Chinese crushers are having some difficulty securing delivery of Brazil beans due to late planting/harvest. Meanwhile the Export Sales report did not really provide any bullish news despite record amounts of beans being shipped to China recently. New net sales were particularly poor coming in at 167,900 MT but with China on holiday for the reporting period, this is not terribly surprising. Physical deliveries came in at 1.053 MMT which is a notable decrease from the recent trend, but if China crushers are having trouble as reported, subsequent weeks may see a counter seasonal uptick in shipments.

US corn futures opened lower this morning. Like beans, new net sales of US corn were at low levels with only 453,281 MT in new activity showing up on this morning's Export Sales report. The volume was ~50% lower than the five-year average of the marketing week and the lowest new net sales number going back to August of last year. Physical deliveries were pegged at 1.190 MMT and would be considered trendline for 2021 so far.

US Slaughter	
497,000	Wednesday
497,000	Year Ago
Daily Prices	
WCB	\$77.23
National	\$80.67
Nat'l Cutout Adj	\$82.93
Daily Cutout	\$92.14
Signature 4	\$179.67
BP4/TCP4	\$179.67
HyLife Cash	\$191.64
HyLife Cutout	\$197.00
BoC Rate (Noon) prev. day \$1.2548 CAD / \$0.7969 USD	
Cash Prices Week Ending February 20, 2021	
Signature 4	173.87/78.87
h@ms Cash	171.87/77.96
HyLife Cash	186.36/77.96
HyLife Cutout	195.00/88.45
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 Range (at opening)	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	193.00 196.22	186.63 197.39	198.72 206.71	202.67 207.15	195.96 205.82	171.68 180.11	168.98 171.31	155.96 163.94	156.85 158.73

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