

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 1, 2021

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

US Slaughter

2.642 mil. Last Week
2.561 mil. Year Ago

Daily Prices

WCB	\$79.77
National	\$81.81
Nat'l Cutout Adj	\$84.46
Daily Cutout	\$93.84
Signature 4	\$184.20
BP4/TCP4	\$184.20
HyLife Cash	\$193.23
HyLife Cutout	\$199.48

BoC Rate (Noon) prev. day
\$1.2685 CAD / \$0.7883 USD

Cash Prices Week Ending

February 27, 2021

Signature 4	178.23/80.84
h@ms Cash	176.23/79.94
HyLife Cash	190.79/86.54
HyLife Cutout	198.91/90.22
BP4/TCP4	173.87/78.87
OlyWest 2020	175.80/79.74
OlyWest 2021 (Cutout)	192.00/87.09

ISO Weans \$56.62 US Avg.

Feeder Pigs \$87.43 US Avg.

Forward contract prices opened mixed this morning. Daily US cash prices are in a counter seasonal trend higher with all regions' daily values between 20% and 36% higher than benchmark weekly pricing for marketing week 9. Daily prices are mixed with the WCB up \$0.62 USD/cwt, National \$0.60 higher, and the National cutout-adjusted variant down by \$1.16 relative to the previous day. The 'backing off' in the cash market that typically develops around this time of year is nowhere in sight presently, and most of today's support is currently believed to be a function of the supply tightness that was speculated upon earlier combined with ideas that there is a more aggressive move to shore up cold storage inventories. The National/WCB price spread which has typically favored the National region for years and was exceptionally wide in 2020 is now only \$2.04 in favour of National and if the trend continues, WCB pricing could surpass the National base this week or next. The thinly traded WCB cash market is a gauge for supply and demand dynamics in the uncommitted hog market. Last week's slaughter was estimated at 2.642 million head or 3.2% higher than year ago. It was a stark departure from the previous week which saw weekly kills fall 6.9% (or 232,000 hogs) relative to year-ago when winter storms created logistics issues across the US. Lean hog futures are starting the week off on a higher note and even though some technical indicators are suggesting that the market is overbought, the optimism on a return to economic normal following Covid-19 vaccine rollouts, good demand from all channels, and ideas that supply tightness will be present for much of 2021 are outweighing any technical indicator today.

US soymeal futures opened mixed this morning. While US soybean futures traded outside the pattern of convergence last week (to the upside) that had been developing since the middle of January, today the front-month contracts are lower and possibly defining another short-term range. Too wet in Brazil and too dry in Argentina are adding some weather influence on the trade. Export demand remains quite strong and the US balance sheet is quite tight. Higher prices across the complex are expected until at least US harvest and potentially longer especially if the US has a challenging growing/harvest season.

US corn futures opened mixed this morning. Like beans, many contracts in the US corn futures trade are appearing to converge to start the week as the trade awaits the next round of news to influence direction. The fundamental picture continues to be supportive and the idea that 'new month, new money' is in the external markets today across several asset classes (equities and gold for example) is adding to the support even though US corn contracts are trading mixed as of this writing.

Forward Range
(at opening)

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	192.17 195.43	188.28 199.19	200.54 208.63	205.34 209.08	198.60 208.60	174.39 182.93	171.63 173.99	158.89 166.98	159.79 161.70

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STRENGTH IN NUMBERS

