

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 3, 2021

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

US Slaughter

497,000 Tuesday
497,000 Year Ago

Daily Prices

WCB \$83.57
National \$83.57
Nat'l Cutout Adj \$85.38
Daily Cutout \$94.87

Signature 4 \$187.29
BP4/TCP4 \$187.29
HyLife Cash \$199.45
HyLife Cutout \$203.77

BoC Rate (Noon) prev. day
\$1.2626 CAD / \$0.7920 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 higher this morning. Daily US cash markets are all higher with the WCB, National, and National cutout-adjusted bases up \$2.33, \$0.79, and 2.25 USD/cwt, respectively, relative to the previous day. The WCB has seen the most impressive gains and the daily price is equal with the National base today thus eliminating the spread. The last time the National/WCB base price spread was eliminated (or favoured the WCB) was marketing week 30 in 2019. The WCB and National cutout-adjusted bases (daily) are now at their highest levels going back to summer 2017. The National region is only \$0.13 off the 2019 summer high price. The value of the pork cutout continues to track along the 2014 trend and has been only about 5.5% lower since the beginning of the year on average. For this marketing week, the daily value is 6.7% lower than the weekly 2014 benchmark but that is because in 2014 the value of the carcass gained momentum in marketing week 9. The extent to which the current trajectory is held remains to be seen. There are some market watchers calling for a cooling off period, especially after the Easter weekend which is 'early' this year. There are ideas that the low freezer inventories combined with recent weather disruptions and a desire to shore up holiday demand is behind some of the recent strength in the cutout, not to mention an aggressive kill pace combined with supply reductions on the live hog side propping up hog prices. In any event, demand remains firm and ideas on supply limitations are supporting cash and futures markets today. Lean hog futures gapped higher at the open with the April contract locked limit up as of this writing. The move has more than made up for yesterday's 'down session' and is halfway to reversing the sell off that was seen on Friday last week. The market has a little way to go to reach last Thursday's highs and could merely be carving out a new range today, but further gains are equally likely in the present marketing environment.

US soymeal futures opened lower this morning. US soybean futures are trading in a two sided and choppy pattern as the market waits for fresh news on direction. A 'down day' has followed an 'up day' over the last six session in a move that is consistent with a consolidating pattern generally. Regardless, the market is consolidating at high levels not seen in years and the front month contract is trading over \$14.00 USD/bu as of this writing.

US corn futures opened lower this morning. Like beans, the US corn futures trade is entering a consolidation period that has been witnessed over the past six sessions. The 'down day' today is a reflection of low ethanol production and some nervousness about China backing off on US corn imports as the country faces ongoing outbreaks and new strains of ASF that could limit demand for animal feed inputs.

Forward Range
(at opening)

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	192.67 195.92	187.50 198.39	199.74 207.82	205.51 208.27	199.33 209.32	175.90 184.43	172.89 175.25	159.88 167.96	160.78 162.68

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Some Important Phone Numbers
Main Office: 204-233-4991
Toll Free: 1-800-899-7675
Logistics: 204-235-2225
Risk Management: 204-235-2237

STRENGTH IN NUMBERS

