Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 4, 2021

For details call: (204)235-2237 or visit
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US Slaughter	
497,000	Wednesday
496,000	Year Ago
Daily Prices	
WCB	$85.19
National	$83.75
Nat'l Cutout Adj	$83.75
Daily Cutout	$91.41
Signature 4	$187.77
BP4/TCP4	$187.77
HyLife Cash	$199.33
HyLife Cutout	$199.33

BoC Rate (Noon) *prev. day*
$1.2631 CAD / $0.7917 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 markets are mixed, but the trend remains solidly higher. The WCB is up $1.62 USD/cwt, the National is $0.18 higher, and the National cutout-adjusted base is down $1.63 relative to the previous day. The exceptional strength seen in the WCB places the current daily price at the highest levels (and only $2.37 lower than the weekly high base price) since July of 2017, which was the high-water mark going back to 2014. The WCB is now at premium to the National region which has only happened 10 times since 2015 when weekly base prices are benchmarked. The situation is highly unusual in recent times and even though the negotiated market is thinly traded, it does give market watchers clues as well as credence to the idea the live hog supply has been or is tightening. Despite some daily variation, the value of pork remains high, demand remains good, and slaughter levels are also high, but there is likely a developing supply element playing out in the cash markets today as well. Lean hog futures shrugged off this morning's Export Sales report in what would otherwise be considered bullish at first glance, all else equal. All contracts were lower at the open, but the October and December have made some gains as of this writing. Physical sales inched closer to the 40,000 MT mark coming in at 39,971 MT and would be considered trendline for 2021 so far. New net sales were strong at 59,615 MT with China taking 28,000 MT of the total. The only thing that might be considered 'bearish' is that this is the first week Accumulated Sales were lower than the 2020 pace but only modestly so. Of course, the market 'prices in' more than just one report and there are many actors actively trading lean hog futures, but the move lower was not expected in light of an otherwise positive Export Sales report this morning.*

US soymeal futures opened higher this morning. *Physical deliveries of US soybeans were 10% higher than the previous reporting period which was the 'low volume' week so far in 2021 as well as the 2020/21 marketing year. New net sales recovered by almost double volume to 344,039 MT but are slightly below 2020 levels and 35% lower than the five-year average. Despite China's voracious appetite for beans, the move is seasonal and expected, animal feed concerns notwithstanding.*

US corn futures opened higher this morning. *Physical deliveries of US corn for week ending February 25 came in at 2.010 MMT which is a marketing year high and the first time one-week shipments surpassed 2.0 MMT going back to 2010 and likely longer than that. New net sales were less impressive coming in at 155,888 MT which was a marketing year low. The sum total of commitments was offset by 1.764 MMT in reductions for mostly 'unknown destinations' explaining the low volume in this week's report.*

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	189.67 192.92	185.59 196.46	197.80 205.87	203.78 206.32	198.06 208.04	176.19 184.71	173.67 176.03	161.32 169.40	162.21 164.12

2021 District Meetings	Date	Time	Location
Alberta	Wed., March 10	1:00 PM (local time)	Virtual Microsoft Teams Meeting
Saskatchewan	Wed., March 17	1:00 PM (local time)	Virtual Microsoft Teams Meeting
Manitoba	Wed., March 24	2:00 PM (local time)	Virtual Microsoft Teams Meeting