

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 9, 2021

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

US Slaughter

494,000	Monday
490,000	Year Ago

Daily Prices

WCB	\$88.05
National	\$84.60
Nat'l Cutout Adj	\$84.60
Daily Cutout	\$94.93

Signature 4	\$192.59
BP4/TCP4	\$192.59
HyLife Cash	\$204.65
HyLife Cutout	\$204.65

BoC Rate (Noon) prev. day
\$1.2660 CAD / \$0.7899 USD

Cash Prices Week Ending

March 6, 2021

Signature 4	187.02/84.83
h@ms Cash	185.02/83.92
HyLife Cash	185.02/83.92
HyLife Cutout	199.94/90.69
BP4/TCP4	178.23/80.84
OlyWest 2020	183.10/83.05
OlyWest 2021 (Cutout)	197.20/89.45

ISO Weans \$54.66 US Avg.

Feeder Pigs \$90.21 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets continue to push upward with the negotiated WCB region more than making up for yesterday's losses and coming in \$4.26 USD higher relative to the previous day. The National region is up \$1.09 and the National cutout-adjusted benchmark is higher by \$0.07. The USDA cutout-formula base has been established for week ending March 13 and is \$1.71 higher than week ago. The WCB is now at its highest level (including the summer timeframes) in all years going back to 2014 and is 51% higher than the average weekly cash price seen in this marketing week; National is 30% higher, and the National cutout-adjusted and the USDA cutout-formula bases are both higher by 28%. While demand remains strong from all channels, the current price moves appear to be more supply-side oriented in nature. This is extremely difficult to determine conclusively, especially since the Covid-19 disruptions have rendered some of the traditional metrics on gauging market activity of little value, but there are clues. Lean hog futures started the session higher at the open but are starting to back off a bit as of this writing. The high levels in the nearby April contract were reached in week ending February 26, but July, August, October, and December reached contract closing highs yesterday and are trending upward once again. There are technical indicators suggesting that a turnaround would be forthcoming in a more 'normal' marketing environment, but the fundamentals (strong demand outlooks and timely supply tightness) are overshadowing the technical picture today.

US soymeal futures opened mixed this morning. At 11:00 AM Central time, the USDA will release the March WASDE report. There are expectations of an increase in exports that will ultimately draw down on the ending stocks which are currently estimated at 117 million bushels on average against a 110 million to 125 million bu. range. Ending stocks for February were pegged at 120 million bu.

US corn futures opened lower this morning. Market watchers are keeping an eye on South America where the weather continues to be challenging with delayed second crop planting in Brazil and regional flooding; Argentina remains too dry in general. Analysts ahead of today's WASDE report are estimating US corn ending stocks to come in at 1.470 billion bu. compared to the 1.502 billion bu. on the February report.

Forward Range
(at opening)

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

192.42
195.67

190.96
202.39

203.74
211.81

208.57
212.26

202.08
212.04

179.62
188.13

176.95
179.31

164.03
172.09

164.92
166.83

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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