

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 10, 2021

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

US Slaughter

492,000 Tuesday
 496,000 Year Ago

Daily Prices

WCB \$88.06
 National \$86.37
 Nat'l Cutout Adj \$87.16
 Daily Cutout \$96.84

Signature 4 \$193.71
 BP4/TCP4 \$193.71
 HyLife Cash \$206.12
 HyLife Cutout \$207.99

BoC Rate (Noon) prev. day
 \$1.2660 CAD / \$0.7915 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 mixed this morning. Daily US cash base prices continue to push upward with the negotiated WCB region up by a penny, National \$0.67 USD/cwt higher, and the National cutout-adjusted reference up \$1.46 relative to the previous day. The WCB is has been trading at its highest level going back to 2014 and is about \$0.50 higher than the 2017 'summer highs' meaning the regions is at its highest level in over five years for any marketing week. Both National variants have approximately \$6.00 to go before eclipsing the 2017 highs. While slaughter levels and pork production remain relatively high, a tightening of supplies on the ground combined with a strong demand profile from both domestic and export channels is fuelling the upside. Lean hog futures backed off from the highs at the open but are trading in a mixed pattern as of this writing. Today's session appears to be biased lower, but the trend has remained decisively higher since about the middle of January and picking up steam in the month of February. The April contract settled into a consolidating pattern recently, but the front month contracts, despite seeing a 'cooling off period' last week, have climbed consistently higher; the October and December futures have seen consistent upward momentum since the middle of January with only a few corrective 'down days' in the process. Technical indicators would normally suggest a correction is eminent, but that has been the case since the first week of February. The fundamental outlook is simply too bullish for the market to correct presently, and the optimism is being supported by a counter-seasonal cash profile, especially in the front months.

US soymeal futures opened lower this morning. Yesterday's WASDE report was considered neutral by the analysts and the market responded in a likewise fashion. The USDA did not change the ending stocks estimates in the March report and they remained at 120 million bu. as reported for February. Global carryout was raised slightly by 380,000 MT. Weather conditions in South America remain supportive. The market will likely be looking to grain stocks and acreage estimates released later this month for clues on further direction.

US corn futures opened lower this morning. Like beans, the WASDE report for US corn in March was also considered neutral. Carryout estimates remained unchanged from the February report with the USDA pegging corn ending stocks at 1.502 billion bu. Global ending stocks were also raised by 1.14 MMT which is a relatively minor change and not particularly pressuring although the corn market has turned lower this morning.

Forward Range
(at opening)

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

192.87
196.13

191.41
202.71

204.05
212.14

208.75
212.59

202.19
212.15

179.24
187.75

176.86
179.22

164.03
172.11

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