

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 11, 2021

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

US Slaughter

492,000	Wednesday
487,000	Year Ago

Daily Prices

WCB	\$87.84
National	\$86.88
Nat'l Cutout Adj	\$87.90
Daily Cutout	\$97.67

Signature 4	\$194.87
BP4/TCP4	\$194.87
HyLife Cash	\$206.92
HyLife Cutout	\$209.36

BoC Rate (Noon) prev. day
\$1.2637 CAD / \$0.7913 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 are mixed with the negotiated WCB regions seeing a modest \$0.22 USD/cwt pull-back while the National region is up \$0.51, and the cutout-adjusted variant came in \$0.74 higher relative to the previous day. The impressive rally in cash prices that has been in place since the beginning of the year is not typical and the present strength could be considered counter-seasonal relative to the historical trends. Why? The answers to that are likely multi-faceted and not pegged to any one event. Supply tightness due to Covid-19 sow culling and some piglet destructions are likely behind some of the tightness on the ground today but other than observing the cash market, there is no reliable way to prove supply reductions. Slaughter levels remain relatively high, so the pigs are 'there', but packers have to bid to get them. Ideas that freezer inventories are being rebuilt amid good export demand are supportive factors on the demand side. On that note, physical deliveries of US pork for week ending March 4 are remaining trendline since the beginning of the year and came in at 39,260 MT. New net sales backed off from the previous week by 46% and were 4% lower than the commitments seen in 2020, but the 32,392 MT were 67% higher than the five-year average for the marketing week. While China demand has not really taken off per se, there are ideas that the ASF situation in the country is underreported and much worse especially now that new variants are being discovered. Official numbers of new cases are low, relatively speaking, but at least one analyst has estimated between "7-8 million sows have been culled in the last 6-8 weeks" as reported in the Daily Livestock Report, yesterday. Export demand from China, therefore, is anticipated to increase at the same time domestic inventory rebuilding in the USA is underway which could take months. Post Covid-19 demand optimism is also playing a role. Lean hog futures are higher this morning.

US soymeal futures opened higher this morning. US soybean futures have shrugged off this morning's Export Sales report which showed a seasonal decrease in new net sales and the lowest physical shipments of beans going back to the end of the 2020 marketing year. Weekly exports were ~705,000 MT or 39% lower than week ago and 21% lower than the five-year average. New net sales were merely trendline coming in 5% lower than week ago and 7% lower than the five-year average.

US corn futures opened higher this morning. Physical deliveries of US corn continue to reside at the upper end of the historical trends and at 1.593MMT shipped, was the highest level for this marketing week and 45% higher than the five-year average. New net sales were notably higher than week ago in percentage terms, but the 115,888 MT for the previous reporting period was considered very low. The 395,506 MT in new commitments was the lowest number going back to late 2020 and 62% lower than the five-year average.

Forward Range
(at opening)

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

198.12
201.36

195.84
206.68

208.02
216.07

212.79
216.51

206.20
216.14

181.80
190.29

179.15
181.49

164.95
173.00

165.84
167.74

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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