

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 12, 2021

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

US Slaughter

496,000	Thursday
495,000	Year Ago

Daily Prices

WCB	\$86.84
National	\$87.91
Nat'l Cutout Adj	\$89.72
Daily Cutout	\$99.69

Signature 4	\$196.01
BP4/TCP4	\$196.01
HyLife Cash	\$209.42
HyLife Cutout	\$213.72

BoC Rate (Noon) prev. day
\$1.2561 CAD / \$0.7961 USD

Cash Prices Week Ending

March 13, 2021

Signature 4	193.49/87.77
h@ms Cash	191.49/86.86
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	187.02/84.83
OlyWest 2020	192.40/87.27
OlyWest 2021 (Cutout)	202.10/91.67

ISO Weans \$54.66 US Avg.

Feeder Pigs \$90.21 US Avg.

Forward contract prices opened lower this morning. Daily US cash markets are mixed to finish the week with the negotiated WCB region down for the second consecutive day and \$1.00 USD/cwt lower, National up \$1.03, and the National cutout-adjusted base \$1.82 higher relative to the previous day. Base prices in USD/cwt for week ending March 13 have been established for the WCB, National, and USDA cutout-formula regions which are up \$3.60, \$3.00, and \$1.71, respectively; when the National cutout-adjusted base is established later this afternoon, it will come in approximately \$3.40 higher than week ago. The consistent tack higher since the beginning of the year is uncharacteristic for cash markets except for the 2014 marketing year where comparisons are starting to be made. While similarities are present, there is not enough space in this column to draw out the differences. However, anticipated supply shortages due to Covid-19 plant disruptions (and subsequent on-farm herd management) as well perennial herd virus instances are supply side supports, while good demand from all channels including the rebuilding of freezer inventories and positive demand outlooks (especially in China due to ongoing and new ASF challenges) are demand side supports. The ability for prices to be sustained will likely be conditional on four main factors: 1) the speed with which the US net live hog supply recovers (or lack thereof), 2) ongoing rebuilding of freezer inventories, 3) vaccine proliferation and a reopening of the US economy, and 4) continued demand from export markets, especially China where some analysts have suggested demand could be pushed out over the next couple years as the country struggles to rebuild its domestic industry. Lean hog futures have backed off for the last trading day of the week, but pricing is not low relatively speaking nor does the reversal appear to be the beginning of a new trend. New contract highs have been reached in all futures offerings this week where values remain amid those levels presently.

US soybean futures opened higher this morning. US soybean futures have backed off the highs seen earlier in the week but are still trading in amid the mid-upper levels of a rangebound pattern that has been in place since early February. The Export Sales report yesterday did not really give the market a reason to push higher as volumes trended seasonal, and the upward momentum has appeared to stall out for now. Fundamentals including south American weather challenges and demand outlooks in the present marketing environment are priced in for now.

US corn futures opened higher this morning. There is talk that China is looking to secure 'summer corn' from the US but this activity has not shown up in the daily flash sales yet. The lower new net commitment number in yesterday's Export Sales report and the lack of changes to ending stocks in the March WASDE report this week are limiting the upside potential today.

Forward Range
(at opening)

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

197.08
200.30

194.57
205.35

206.68
214.67

212.04
215.12

205.60
215.49

181.09
189.54

178.20
180.54

163.87
171.87

164.76
166.65

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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