

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 15, 2021

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

US Slaughter

| | |
|------------|-----------|
| 2.583 mil. | Last week |
| 2.639 mil. | Year Ago |

Daily Prices

| | |
|------------------|----------|
| WCB | \$86.38 |
| National | \$88.16 |
| Nat'l Cutout Adj | \$88.47 |
| Daily Cutout | \$98.30 |
| Signature 4 | \$195.50 |
| BP4/TCP4 | \$195.50 |
| HyLife Cash | \$208.74 |
| HyLife Cutout | \$209.47 |

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 | 207.17/93.97 |
| HyLife Cutout | 209.04/94.82 |
| BP4/TCP4 | 187.02/84.83 |
| OlyWest 2020 | 192.40/87.27 |
| OlyWest 2021 (Cutout) | 202.10/91.67 |

ISO Weans \$52.23 US Avg.

Feeder Pigs \$90.38 US Avg.

Forward contract prices opened lower this morning. Daily US cash markets are mixed to start marketing week 11 with the negotiated WCB regional base coming in \$0.46 USD/cwt lower, the National up by \$0.25, and the National cutout-adjusted reference \$1.25 lower and mirroring some softness in the daily value of the cutout. Primal values do correct from time to time, but the net value of the carcass is still maintaining record values for this marketing week with the exception of 2014. While daily variability is present in the different regions, the trend is counter seasonal relative to history and if the trend holds, it would be the earliest time live hog prices rallied steady from the beginning of the year into the summer. Even in 2014, momentum for cash pricing really didn't develop more substantially until the end of February, although prices did start off higher in 2014 and consistent support was seen into March when the impacts of PEDv really started to take hold. Evidence is lending credence to the idea that supplies are indeed tight. Sow pricing is strong while early weaned and feeder pig pricing is likewise supportive. While 'weaners' have moved lower in recent weeks, the price for week ending March 13 was ~47% higher than same marketing week last year; 'feeders' have moved counter seasonally upward to \$90.38, are approximately 63% higher than last year and ~20% higher than the 5-year average. Lean hog futures are starting the week off on a lower note although they are still maintaining values at record levels. Fundamentals are 'priced in' for now and the market could simply be attempting to define a new range with the present information.

US soymeal futures opened mixed this morning. This morning, research and brokerage firm Allendale released it's 2021 Planting Intentions estimates based on survey results from individual producers across 29 participating states. Soybean intentions came in at 90.3 million acres or 7.2 million acres higher than year ago. If realized, it would be the highest acreage on record, beating 2017 by about 155,000 acres and implying record production that would be ~422 million bu. higher than last year.

US corn futures opened mixed this morning. Private firm Allendale pegs US corn planting intentions for 2021 at 92.8 million acres and about 2.0 million acres higher than last year. It is 828,000 acres higher than the USDA's current estimate. Implied potential acreage would come in at 15.24 billion bu., 1.06 billion bu. over year ago and represent a production record. The USDA will release its Prospective Planting report on Wednesday March 31.

Forward Range
(at opening)

| | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec |
|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Maple Leaf Sig 4 | 194.36 197.02 | 190.99 202.29 | 203.84 212.26 | 209.99 212.71 | 203.38 213.80 | 179.89 188.75 | 176.89 179.33 | 161.94 169.47 | 160.61 163.93 |

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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 |