

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 16, 2021

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

## US Slaughter

490,000 Monday  
493,000 Year Ago

### Daily Prices

WCB \$88.69  
National \$89.23  
Nat'l Cutout Adj \$92.20  
Daily Cutout \$102.44  
Signature 4 \$197.67  
BP4/TCP4 \$197.67  
HyLife Cash \$210.14  
HyLife Cutout \$217.12

**BoC Rate (Noon) prev. day**  
\$1.2480 CAD / \$0.8013 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 higher this morning.** Daily US cash markets are higher relative to the previous day with the WCB, National, and National cutout-adjusted base prices up \$2.39, \$1.07, and \$3.73 USD/cwt., respectively. Cutout-adjusted base prices are getting a bit of a boost with a \$4.14 increase in the net value of the carcass which has pushed the daily value above the \$100.00 benchmark for the first time since May of last year. May 2020 saw the height of the retail run on the meat case and Covid-19 related plant disruptions in the US that severely limited the amount of pork that could be produced at the time. The extent to which today's levels can be sustained very much remains to be seen, but there is a growing body of evidence suggesting supply-side issues could be behind the recent rally; proponents point to the 3.8% reduction in slaughter levels (year to date) relative to year ago as proof (along with the high sow, 'weaner', and 'feeder' prices). On the other hand, at least one analytics firm has opined that the current price rally is more of a demand-side driven event and cautions the use of 3.8% to support the supply side argument due to the number of slaughter days in any given year. In any event, cash prices continue to push higher and will likely maintain this trend in the short-to-mid terms. Both supply and demand dynamics are factors behind the recent counter seasonal cash support. Lean hog futures reached some benchmarks this morning as the June and July contracts pushed above \$100.00 USD/cwt for the first time since 2014. Now, one should be careful making 2014 comparisons because the reasons for the rally in 2014 were much different than today. As well, June and July 'highs' in 2014 eclipsed \$130.00 at their peak and not many market watchers are calling for futures to reach those levels presently, including the bullish ones. Regardless, like cash, futures markets have no real reason to back off from the current trend and a top has not yet clearly been defined. Lean hog futures are approximately 29% higher than average cash values (National region, five-year average) when comparing prices over the April to December timeframe.

**US soymeal futures opened lower this morning.** Some softness has developed in the US soybean futures as they trade in the upper-middle of the recently established range. The backing-off is a function of ideas that a very large US crop is potentially on the way (time and weather notwithstanding), ideas that increased incidents of ASF in China could curb feed demand somewhat, and talk of rain in Argentina that has been needed for some time. Upside potential remains limited presently as the market continues to trade at highs not seen in years.

**US corn futures opened mixed this morning.** There is talk that some ethanol plant may come back 'online' as processors start to prepare for a busier summer driving season (compared to year ago) amid ideas that the economy may be a bit more opened up while freedom of movement returns as the population becomes vaccinated. US corn futures are mixed and the nearbys have pushed incrementally higher over the past four sessions, but they have not yet reached the recent highs that were put in place in early February.

Forward Range  
(at opening)

Apr

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf  
Sig 4

201.30  
203.95

197.18  
208.47

210.02  
218.42

215.41  
218.87

207.84  
218.24

181.61  
190.46

178.71  
181.14

162.62  
170.14

161.29  
164.61

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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