

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, March 19, 2021

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

US Slaughter

492,000	Thursday
495,000	Year Ago

Daily Prices

WCB	\$91.39
National	\$90.67
Nat'l Cutout Adj	\$96.12
Daily Cutout	\$106.80
Signature 4	\$200.51
BP4/TCP4	\$200.51
HyLife Cash	\$213.05
HyLife Cutout	\$225.85

BoC Rate (Noon) prev. day
\$1.2458 CAD / \$0.8027 USD

Cash Prices Week Ending

March 20, 2021

Signature 4	198.23/89.92
h@ms Cash	196.23/89.01
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	193.49/87.77
OlyWest 2020	200.00/90.72
OlyWest 2021 (Cutout)	209.60/95.07

ISO Weans \$52.23 US Avg.

Feeder Pigs \$90.38 US Avg.

Forward contract prices opened higher this morning. Daily US cash prices are higher to finish the week with the WCB up \$2.48 USD/cwt, National \$0.51 higher, and the National cutout-adjusted reference price up \$5.40 relative to the previous day. Some strength in the daily net value of the carcass surfaced, led by hams and bellies, and nudged cutout-referenced pricing higher on the last reporting day of the week. Interestingly, all primals are closely approximating the slope of the curve of the 2014 price rally at present levels (daily). Not all pricing is as high or is matching 2014 levels; the individual cuts are just following along a similar trajectory today. In 2014, primal values corrected lower in about four weeks' time, but it very much remains to be seen if this is the case for 2021. Now, we are not making a direct comparison to 2014; there are differences in the marketing environments between that exceptional year and present day, but supply tightness combined with strong demand *combined* are likely behind the recent counter seasonal strength. Lean hog futures started the Friday session on an upward note with sentiments in the futures likewise mirroring the fundamental assessments seen in the cash market. At the end of the trading day, a modest correction surfaced, and futures were mixed at the close – nearbys lower; deferreds slightly higher. Daily gains have been seen in the futures market for most contracts over a two-week timeframe and the trend had been higher since about the middle of January with not many 'down days' in between (depending on the contract). But the market has a 'toppy' feel to it and further gains will likely be more difficult to achieve in the present marketing environment. That is not to say further gains are not forthcoming, but market participants should probably be encouraged to manage expectations on a substantial rally from current levels. Of course, if an external market shock develops, extreme volatility in either direction remains entirely possible.

US soymeal futures opened higher this morning. Year-to-date export sales of US soybeans are presently at 99% of USDA estimates for the marketing year. The five-year average pace shows an average of 85% of USDA estimates for the same time of year. Shipments are at 88% of estimates compared to the 70% five-year average. US soybean futures finished the week higher, making up for the losses in the previous session.

US corn futures opened higher this morning. A strong export pace seen in sales and less-so in shipments has been observed in the US corn market. Export sales for the marketing year have been estimated at 2.6 billion bushels and marketing year-to-date records show 92% of that value has been achieved compared to an average 72%. Shipments are modestly ahead of the 41% average pace, coming in at 45% of USDA estimates.

Forward Range
(at opening)

Maple Leaf
Sig 4

Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
206.24 208.91	197.73 209.07	210.62 219.07	215.51 219.52	207.06 217.51	180.40 189.29	177.83 180.27	162.02 169.59	160.69 164.03

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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