

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 23, 2021

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

US Slaughter

494,000	Monday
499,000	Year Ago

Daily Prices

WCB	\$93.16
National	\$92.32
Nat'l Cutout Adj	\$92.93
Daily Cutout	\$103.26

Signature 4	\$205.05
BP4/TCP4	\$205.05
HyLife Cash	\$217.64
HyLife Cutout	\$219.08

BoC Rate (Noon) prev. day
\$1.2513 CAD / \$0.7992 USD

Cash Prices Week Ending

March 20, 2021

Signature 4	198.23/89.92
h@ms Cash	196.23/89.01
HyLife Cash	211.86/96.10
HyLife Cutout	217.45/98.63
BP4/TCP4	193.49/87.77
OlyWest 2020	200.00/90.72
OlyWest 2021 (Cutout)	209.60/95.07

ISO Weans \$48.63 US Avg.

Feeder Pigs \$84.53 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets are all higher with WCB, National, and the National cutout-adjusted base prices up \$2.03, \$1.30, and \$0.24 USD/cwt, respectively. The weekly base price for hogs priced off the USDA cutout-formula base (Red Deer) was established yesterday for week ending March 27 and came in \$3.90 higher than the previous week marking the largest one-week gain going back to September 2020. Non-cutout-based references are at their highest levels for any marketing week (including the summer) going back to 2014 while the cutout-based references are at their highest levels for any marketing week going back to the 2017 summer timeframe. The USDA released the monthly Cold Storage report yesterday and as suspected, freezer inventories are being rebuilt. Total pork in cold storage for February came in 7.4% higher than last month and represents a notable increase relative to January inventory, but the total pork volume still has some 'catching up' to do before benchmarks are met. The 491 million lb. for February is 24% lower than year ago and 17% lower than the three-year average. Ham inventories are likewise higher than last month (9.9%) but 19% lower than last year and 26% lower than the three-year average. Interestingly bellies have been making month-over-month gains since November 2020 and are only 4% lower than the three-year average; they are also 21% higher than January levels. Lean hog futures gapped higher at the open but some mid-morning softness has entered the trade which is mixed as of this writing. The 'summer month' contracts have been seesawing around the \$100.00 USD/cwt level which appears to be an interim 'top' in the present marketing environment. That is not to say a 'top' has been reached, but the June contract (or example) has backed off last week's highs over the past three sessions and substantial upside *today* appears to be limited.

US soybean futures opened higher this morning. After seeing some softness in yesterday's session, US soybean futures are moving higher but have not yet broken out of the recently established range. Beans are getting some support from the oil component of the complex on ideas that demand will remain strong for vegetable oils heading into the summer from both food and biofuels sectors. May soybean oil traded limit up in yesterday's session, but the deferreds showed less strength suggesting a shorter-term event is currently being anticipated.

US corn futures opened higher this morning. Like beans, US corn futures are trading higher and sticking within the ranges in a trade that has seen an 'up day' followed by a 'down day' over the past four sessions. Demand remains firm even with the feed concerns in China and Thursday's Export Sales report will be watched closely for follow through commitments from the region. The Grains Stocks and Prospective Plantings reports will be published on Wednesday, March 31.

Forward Range
(at opening)

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	207.26	195.83 207.19	208.75 217.21	213.82 217.66	206.13 216.60	180.68 189.59	178.01 180.46	162.88 170.46	161.54 164.89

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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