

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, March 25, 2021

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

US Slaughter	
491,000	Wednesday
503,000	Year Ago
Daily Prices	
WCB	\$94.31
National	\$92.93
Nat'l Cutout Adj	\$99.42
Daily Cutout	\$110.47
Signature 4	\$207.22
BP4/TCP4	\$207.22
HyLife Cash	\$220.06
HyLife Cutout	\$235.43
BoC Rate (Noon) prev. day \$1.2562 CAD / \$0.7961 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 mixed this morning. Daily US cash markets continue to post gains with the WCB up \$1.21 USD/cwt., National \$0.20 higher, and the National cutout-adjusted base up \$4.22 relative to the previous day. When daily pricing is compared against the weekly historical bases, all regions are presently higher than the 2017 summer highs *and* the 2020 spike that was ushered in due to Covid-19 processing disruptions. Because of the way prices are determined (an average over five consecutive business days), the weekly base in the National region could come in slightly lower than the 2017 summer highs for week ending March 27, but the moves are notable, nonetheless. There is presently no indication that cash prices will significantly soften in the short term even though some market watchers are expecting at least a little bit of post-Easter demand softness. A combination of supply tightness, a rebuilding of freezer inventories, and talk that some processors are 'gearing up' for pent-up demand expectations further out are all factors behind the recent counter seasonal and remarkable strength in cash markets. Export demand remains firm as well and is holding the trendline for the time being even though volumes dropped slightly from week-ago. Physical deliveries of US pork to all global partners came in at 38,471 MT for week ending March 18 which is 89% higher than the five-year average (excluding 2020). The year-to-date pace relative to 2020 is only 8.6% lower. New net sales came in at 38,701 MT and while also slightly lower than the previous reporting period, they are still 64% higher than the five-year average and 8.6% higher than 2020. China has recently backed off from new commitments, but Mexico for the most part has made up for it. Lean hog futures are mixed with strength in the front month contracts while the fourth quarter values are slightly lower relative to the previous session.

US soybean futures opened lower this morning. Physical deliveries of US soybeans were 6.1% lower than the previous reporting period and are completely following typical seasonality for export volumes. The 501,409 MT is the lowest on record for both calendar and marketing years, and the lowest going back to July 2020. New net sales volumes were also the lowest for the calendar and marketing years (except for the 'New Year' period) and at 101,822 MT is the lowest on record for the reporting period going back to 2010.

US corn futures opened lower this morning. Physical deliveries of US corn came in at 2.035 MMT, the second highest volume for the marketing year and the second highest on record except for 2019 which was an 'accounting volume' due to the government shutdowns that delayed reporting. New net sales of US corn also came in at the 'real' second highest level on record at 4.481 MMT. China committed to 3.890 MMT of US corn or ~87% of all new commitments for the reporting period to be delivered this later year.

Forward Range (at opening)	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	213.73	202.04 213.44	214.78 223.28	218.31 223.73	208.87 219.16	182.39 191.33	179.28 181.73	162.82 170.19	161.26 164.83

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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