

# Hog Margin Outlook

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Friday, March 26, 2021

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

## US Slaughter

491,000	Wednesday
503,000	Year Ago

## Daily Prices

WCB	\$95.23
National	\$94.12
Nat'l Cutout Adj	\$98.32
Daily Cutout	\$109.24

Signature 4	\$210.60
BP4/TCP4	\$210.60
HyLife Cash	\$222.87
HyLife Cutout	\$232.81

**BoC Rate (Noon) prev. day**  
\$1.2606 CAD / \$0.7933 USD

## Cash Prices Week Ending

March 27, 2021

Signature 4	206.33/93.59
h@ms Cash	204.33/92.68
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	198.23/89.92
OlyWest 2020	206.20/93.53
OlyWest 2021 (Cutout)	216.80/98.34

ISO Weans \$48.63 US Avg.

Feeder Pigs \$84.53 US Avg.

**Forward contract prices opened higher this morning.** Daily US cash markets are mixed to finish the week but nonetheless residing amid the highs; daily variability in cash markets has not yet resulted in a trend reversal. Weekly reference base pricing determined for week ending March 27 is again higher relative to the previous week. The WCB is up \$4.66 (third largest move in 2021), National is \$3.06 higher (third largest move), and the USDA cutout-adjusted is up \$3.90 (largest one-week move so far this year). When the National cutout-adjusted price is determined later this afternoon, it will likely reveal an increase of approximately \$4.00 USD/cwt. which will be the second largest one-week move upward so far this year. Ongoing cash support is likely and yesterday's Quarterly Hogs and Pigs report all but confirmed the suspicions of present supply tightness. This year, the March report shows herd numbers across all weight and inventory classes below year ago. While there was considerable controversy with the September 2020 report, and many revisions were made in the December publication, the year-ago March numbers represented the last report before Covid-19 disruptions interrupted the data capture. In essence, the March 2020 report is considered a reasonable benchmark and the 2021 report less controversial. Against this backdrop, the USDA has pegged the entire pig crop 'as at' March 1, 2021 at 98.2% of 2020 or ~1.8% below year-ago. The breeding herd is down by an estimated 2.5% and animals kept for marketing are down 1.8% relative to year ago. Compared to March 2020, animals in the 120-179 lb. and 180+ lb. categories were both down by 2.5% while animals in the 50-119 lb. and 'under 50 lb.' categories are 1.2% and 1.3% lower, respectively. Supply tightness will likely be a feature of the market until the latter part of 2021 and if demand remains constant, cash markets will be supported in the short-to-medium terms, all else equal, and assuming no market shocks. Lean hog futures reacted as one might expect and are trading higher this morning. All contracts out to August are trading above \$100.00 USD/cwt. as of this writing, but the deferreds representing the fourth quarter have been more muted in their response.

**US soymeal futures opened lower this morning.** US soybean futures continue to see a pull-back for the second session in a row as global vegetable oils meet resistance and US soybean oil futures trade to limit lows in the previous session. There is talk Argentina has shipped some cargoes of soybean oil into the US destined for the California market. The trade remains rangebound to finish the week, but some volatility could develop next week when the Quarterly Grains Stocks and Planting Intentions reports are released on March 31.

**US corn futures opened higher this morning.** US corn futures are finishing the week off on a higher note but have not yet made up for the losses in the previous session. The trade has been two-sided and choppy in recent sessions but remaining within the ranges that were established in mid-February. China demand remains exceptional for now and the region committed to record new net sales in yesterday's Export Sales report. Like beans, US corn traders will be looking to Grains Stocks and Planting Intentions reports next week for clues on direction.

Forward Range  
(at opening)

	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	217.11	206.63 218.01	219.34 227.82	222.69 228.27	212.61 222.87	184.29 193.21	181.39 183.85	164.29 171.65	162.73 166.30

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STRENGTH IN NUMBERS

