

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, March 29, 2021

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

## US Slaughter

2.551 mil.	Last Week
2.778 mil.	Year Ago

## Daily Prices

WCB	\$97.23
National	\$95.31
Nat'l Cutout Adj	\$96.78
Daily Cutout	\$107.53
Signature 4	\$212.82
BP4/TCP4	\$212.82
HyLife Cash	\$226.48
HyLife Cutout	\$229.96

**BoC Rate (Noon) prev. day**  
\$1.2580 CAD / \$0.7949 USD

## Cash Prices Week Ending

March 27, 2021

Signature 4	206.33/93.59
h@ms Cash	204.33/92.68
HyLife Cash	221.16/100.32
HyLife Cutout	228.37/103.59
BP4/TCP4	198.23/89.92
OlyWest 2020	206.20/93.53
OlyWest 2021 (Cutout)	216.80/98.34

ISO Weans \$51.58 US Avg.

Feeder Pigs \$97.44 US Avg.

**Forward contract prices opened mixed this morning.** Daily US cash markets are mixed with the negotiated WCB region up \$2.00 USD/cwt, National \$1.19 higher, and the National cutout-adjusted reference down by \$1.54 relative to the previous day. Cash markets remain counter seasonally strong nevertheless, and the trajectory remains on a path higher for now. The psychological \$100.00 USD/cwt. level has not yet been reached in cash and it remains to be seen if the value is eclipsed in the coming weeks (perhaps even as early as this week). Since the beginning of the year, cash prices have increased by 79%, 42%, 37%, and 41% for the WCB, National, National cutout-adjusted, and USDA cutout-formula regions, respectively. The normal increase in value compared to the first week of the year is approximately 7% for all regions when observing three-year average. Will some softness develop after the upcoming Easter weekend? That idea has indeed been talked about, but the combination of tight supplies and robust demand is putting some question into how strong a seasonal pattern will develop this year. There is talk US foodservice buyers are 'just getting started' and if this is indeed the case, cash markets are likely not going to see significant weakness develop in the short term. Lean hog futures backed off from the highs in the Friday session this morning, but the trade is still residing amid the upper levels. Friday saw the market react to Thursday's quarterly Hogs and Pigs report that showed all weight and marketing classes down relative to year ago when some modest increases were expected by analysts in some categories. For the second session in a row, all contracts out to August 2021 are presently trading above \$100.00 USD/cwt. Futures contracts representing the fourth quarter are likewise trading at notable premium relative to cash benchmarks, but normal spread relationships compared to the summer months are present. Only the February 2022 contract is trading near historical cash levels (2018) suggesting the market does see a more normal trend develop further out. February 2022 is still trading 13% above the three-year average cash benchmark, however.

**US soymeal futures opened lower this morning.** For the first time in a week, US soybean futures are trading below \$14.00 USD/bu. but still residing amid the recent highs even if they are trading at the lower end of the recently established range. Fundamental news is 'quiet', and the export trend remains seasonal, but a tight balance sheet is providing rationale to stay at elevated levels for now. There is some talk that managed money is liquidating some length and taking profits ahead of the Quarterly Grains Stocks and Planting Intentions reports that will be released on March 31.

**US corn futures opened lower this morning.** Like beans, US corn futures are trading lower as market participants position themselves ahead of the big report day on Wednesday. There is a bit of a risk off tone in the marketplace and profit taking by the managed money accounts is being talked about as a factor in the recent pull back. Despite this, US corn futures remain at elevated levels and are trading in the middle of the range that was established in mid-February.

Forward Range  
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf  
Sig 4

207.16  
218.57

219.91  
228.41

222.86  
228.85

212.02  
222.30

183.53  
192.47

180.60  
183.06

163.77  
171.14

162.20  
165.78

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STRENGTH IN NUMBERS

