

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, March 30, 2021

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

US Slaughter

492,000	Monday
495,000	Year Ago

Daily Prices

WCB	\$98.19
National	\$96.59
Nat'l Cutout Adj	\$97.06
Daily Cutout	\$107.84
Signature 4	\$215.91
BP4/TCP4	\$215.91
HyLife Cash	\$229.04
HyLife Cutout	\$230.15

BoC Rate (Noon) prev. day
\$1.2594 CAD / \$0.7940 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 higher and all regions are within striking distance of the psychological \$100.00 USD/cwt level; the WCB is up \$0.89 to \$98.18, National is \$1.28 higher to \$96.59, and the National cutout adjusted variant is up \$0.28 to \$97.06 USD/cwt. Last week, slaughter levels came in at an estimated 2.551 million head which is up 1.1% from last week and 5.6% higher than the three-year average. The exceptionally high level of 2.778 million seen last year was an outlier. Pork production for week ending March 27 was up slightly relative to week-ago but maintaining a downward trend that has been present since the beginning of the year. High demand amid a decrease in available pork is supporting cutout values which are presently at their highest levels in any marketing week since the impacts of processing plant disruptions revealed themselves last May (and 2014 values more broadly). So far this week, there appears to be a 'softening' in the value of net value of the cutout, but it is much too early to call the move a trend, and pork values have not decreased relative to week ago. Live supply tightness working its way through the processing chain is adding support to cash values and will likely do so in the short to medium terms. Lean hog futures were mixed in the early morning trade but have regained momentum and are all trading higher as of this writing. Persistent live supply tightness combined with positive demand outlooks in all disappearance channels are factors underlying the support. If the June contract retains its current value, it will represent a new closing high for the session and has inched over \$106.00 USD/cwt as of this writing.

US soymeal futures opened lower this morning. A large drop in global vegetable oil demand is weighing on US soybean oil futures which are seeing 'limit down' days as managed money exits some of their long positions (a sell). The pressure is filtering through the soybean complex where beans are now trading lower for the fourth consecutive session in a row if the pressure is sustained. That being said, US soybean futures are residing amid record levels and are still trading above \$13.00 USD/bu. out to the August 2021 contract.

US corn futures opened lower this morning. US corn futures are in a 'holding pattern' of sorts until the market gets some news on official ideas about the size of the US crop which will be released tomorrow. The USDA's Prospective Plantings report will be released tomorrow as will the Quarterly Grains Stocks report both of which published mid-trade. US corn futures, while lower this morning, are residing amid the recent highs and in the middle of the recently established range.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

210.32
221.75

223.10
231.62

225.86
232.07

214.31
224.63

184.85
193.82

181.31
183.77

163.59
170.97

162.03
165.60

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STRENGTH IN NUMBERS

