

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, March 31, 2021

For details call: (204)235-2237 or visit
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US Slaughter	
490,000	Tuesday
491,000	Year Ago
Daily Prices	
WCB	\$98.32
National	\$98.21
Nat'l Cutout Adj	\$98.21
Daily Cutout	\$106.89
Signature 4	\$220.18
BP4/TCP4	\$220.18
HyLife Cash	\$232.88
HyLife Cutout	\$232.88
BoC Rate (Noon) prev. day \$1.2631 CAD / \$0.7917 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 lower this morning. Daily US cash markets are higher in this holiday shortened week with the negotiated WCB up \$0.19 USD/cwt., National \$1.62 higher, and the National cutout-adjusted base up \$1.06 relative to the previous day. All regions are at their highest values for any marketing week going back to 2014 (when comparing against weekly benchmarks) and are between 40% and 58% higher for the present marketing week. Limited live supply growth, in part due to on-farm decision making at the height of Covid-19 plant disruptions last year, is underpinning the support. So too, however, is the demand side that presently sees a build-up of freezer stocks, pipeline replenishing, and expectations that pent up demand will surface once mass vaccinations and/or herd immunity to Covid-19 is achieved. While the daily value of the cutout remains at historically high levels for any marketing week (except 2014 and the 2020 'spike'), a 'flattening out' appears to be developing this week. For the first time since January, net cutout values are lower than week-ago and have backed off from recent strength. That is not to say a new trend is developing per se, but market watchers will be keeping a sharp eye on cutout values as a proxy for demand, that coincidentally enough, also waned during 2014 in this marketing week. Lean hog futures gapped lower at the open but have regained some of the early session losses and are trading just slightly lower than the values at yesterday's close. Participant repositioning such as managed money profit taking, or a large hedging position (a sell) could be behind the move but that remains entirely speculative at press time. Markets are nonetheless still trading amid the highs despite being unable to make substantially stronger gains this week. Ongoing support is expected unless some market shock develops; the fundamentals are priced in for now which, like cash, include ideas that supplies will remain tight until the end of the year and a forward-looking demand profile that continues to be robust.

US soymeal futures opened higher this morning. Later this morning the USDA will release the Quarterly Grain Stocks and Prospective Plantings reports. For quarterly stocks, analysts ahead of the report see bean inventories coming in between 1.440 billion and 1.825 billion bu. compared to last month's 2.255 billion bu. Bean acreage is expected to come in at 89.996 million acres on average with an 86.1 million to 91.6 million acre range of estimates.

US corn futures opened mixed this morning. Quarterly stocks of US corn 'as at' March 1 are expected to come in at 7.767 billion bu. when the USDA publishes its report this morning. The range of expectations for US corn stocks ahead of the report are 7.573 billion and 7.980 billion bu. Expected acreage for this year ranges between 92.0 and 94.5 million acres with the average pegged at 93.2 million acres and one of the highest on record.

Forward Range (at opening)	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	207.24 218.60	219.93 228.40	223.25 228.84	212.18 222.42	182.95 191.86	180.39 182.85	162.65 170.02	161.09 164.66

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Friday, April 2 for Good Friday. Markets are closed. Forward contracting will be suspended and the HMO and Opening Price information will not be published.

Operations resume on Monday, April 5.