

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 6, 2021

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

US Slaughter

331,000	Monday
475,000	Year Ago

Daily Prices

WCB	\$99.75
National	\$98.05
Nat'l Cutout Adj	\$98.36
Daily Cutout	\$109.29
Signature 4	\$217.99
BP4/TCP4	\$217.99
HyLife Cash	\$232.23
HyLife Cutout	\$232.97

BoC Rate (Noon) prev. day
\$1.2525 CAD / \$0.7984 USD

Cash Prices Week Ending

April 3, 2021

Signature 4	216.21/98.07
h@ms Cash	214.21/97.17
HyLife Cash	230.57/104.59
HyLife Cutout	231.40/104.96
BP4/TCP4	206.33/93.59
OlyWest 2020	217.30/98.57
OlyWest 2021 (Cutout)	227.40/103.15

ISO Weans \$48.18 US Avg.

Feeder Pigs \$100.96 US Avg.

Forward contract prices opened mixed this morning. Persistent tightness in live supplies likely due to on-farm decision making at the height of Covid-19 processing plant disruptions last year and robust demand continue to influence US cash markets higher. The WCB, National, and National cutout-adjusted reference prices are \$0.68, \$0.13, and \$0.39 USD/cwt higher relative to the previous day, respectively. The cash rally since the beginning of the year has been impressive and the weekly base prices for week ending April 3 are higher by 88%, 48%, 52%, and 47% for the WCB, National, National cutout-adjusted, and USDA cutout-formula regions, again respectively. There is some commentary making the rounds that exceptionally strong pricing could be a feature of cash markets until into 2022 and while this is indeed quite possible, the notion is purely speculative at this point. There is a lot of time between now and the end of the year and while there are similarities between the present marketing environment and the 2014 PEDv marketing year, there are some important differences between the two 'events'. Whether or not cash markets 'make it' to 2014 levels very much remains to be seen, but producers will likely benefit from sustained cash market strength in the short to medium terms. In the meantime, lean hog futures continue to trade amid the recent highs; the nearby contracts were lower relative to the previous day at the open but are showing a bias to the upside in the early morning session - the deferreds are trading higher and are flirting with breaking out of the recently established ranges (daily charts going back four sessions). The market is called steady to higher, but the aggressive gains seen during the January-March rally have softened somewhat and until the fundamental news changes, *substantial* upside appears to be limited for now. Thursday's weekly Export Sales report will be closely watched for new, net sales demand from China and Mexico.

US soymeal futures opened higher this morning. While the USDA released its first Crop Progress report yesterday, it is much too early to glean meaningful clues from the data and soybeans didn't even make it on the report published April 5. US soybean futures are showing some strength this morning but have not yet made up for the correction lower seen in the April 1 session. The April WASDE report will be released on Friday.

US corn futures opened mixed this morning. US corn futures continue to trade in a mixed pattern with the nearbys in the middle of the recent ranges while the deferreds remain amid the highs despite showing some softness this morning. Managed money remains historically net long (anticipating sustained high prices) and there is presently no talk that a mass liquidation is eminent especially with the carryout at current levels and a long US growing season ahead of the trade. Crop progress for US corn 'as at' Sunday came in at 2% complete according to the USDA, yesterday, merely indicating that planting has begun.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

207.74
219.10

220.43
228.90

222.97
229.34

212.68
222.92

186.62
195.53

183.77
186.22

167.96
175.31

166.50
169.96

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h@ms Marketing Services will be closed

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.