

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, April 7, 2021

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

US Slaughter

492,000	Tuesday
483,000	Year Ago

Daily Prices

WCB	\$99.36
National	\$98.38
Nat'l Cutout Adj	\$98.45
Daily Cutout	\$109.39
Signature 4	\$219.32
BP4/TCP4	\$219.32
HyLife Cash	\$232.28
HyLife Cutout	\$232.44

BoC Rate (Noon) prev. day
\$1.2559 CAD / \$0.7962 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 higher this morning. Daily US cash prices are mixed mid-week with the negotiated WCB region down by a modest \$0.39 USD/cwt., National \$0.33 higher, and the National cutout-adjusted base up \$0.09 relative to the previous day. The trend remains decisively higher even though occasional daily variability results in some price softness. Almost no one, analyst or otherwise, is calling for cash markets to retract from the current highs especially as a tight live supply and robust demand situation remains present. The tightness in supply is the biggest unknown variable as there are currently no public reports that directly measure the impacts of the Covid-19 plant disruptions that forced US producers to make on-farm decisions (never mind industry contraction) that quite likely resulted in less marketable hogs today; only proxy measures and speculation exist. Regardless, cash markets respond to supply and demand fundamentals in 'real time', and while demand remains quite strong, the reduction in live supplies is exacerbating the current price support. The release of state reserves and ideas that producers are 'pulling forward' hogs before they get infected with new (or recurring) ASF strains is lowering the price of live pigs in China recently. However, in addition to the US live supply concerns that could last well past the summer, pent up demand speculation, and ideas that good demand from all channels will remain, lean hog futures are seeing additional strength on ideas that China will also be facing a worsening ASF situation that could last years, according to some. While Chinese domestic pork production will likely continue to struggle, there is no guarantee that China purchasing behaviour will be consistent (recall 2020). That is not to say China will not take more pork imports than year-ago, or that it will not be another banner year for US net exports (also like 2020), but lean hog futures are also pricing in export speculation.

US soymeal futures opened lower this morning. On Friday, April 9, the USDA will release the April WASDE report. Analysts' expectations ahead of the publication are pegging US ending stocks of soybeans at 119 million bu. on average and slightly lower than the 120 million bu. estimate published in the March report. The range of expectations is between 110 million and 135 million bu.

US corn futures opened higher this morning. Like beans, the US corn market is looking forward to the April WASDE report that will be released mid-trade on Friday. The average estimate for US corn ending stocks is coming in at 1.369 billion bu. on average against a 1.200 billion to 1.502 billion bu. range. The March WASDE report pegged US ending stocks at 1.502 billion bu.

Forward Range (at opening)	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	213.54 224.96	226.31 234.82	228.63 235.27	216.53 226.84	189.27 198.23	186.39 188.85	169.58 176.98	168.02 171.60

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