

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 8, 2021

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

US Slaughter

494,000 Wednesday
 473,000 Year Ago

Daily Prices

WCB	\$100.50
National	\$98.44
Nat'l Cutout Adj	\$99.62
Daily Cutout	\$110.69
Signature 4	\$220.46
BP4/TCP4	\$220.46
HyLife Cash	\$233.05
HyLife Cutout	\$235.84

BoC Rate (Noon) prev. day
 \$1.2617 CAD / \$0.7926 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. Ongoing strength continues in US cash markets and all reporting regions are higher relative to the previous day. The WCB, National, and National cutout-adjusted bases are up \$1.14, \$0.06, and \$1.17 USD/cwt, respectively. This morning's Export Sales report shows demand from the export channel remains robust. While the 38,375 MT represents a 5% decrease in volumes relative to the previous reporting period, it is still 80% higher than the five-year average for this marketing week with China taking 13,400 MT or approximately 35% of the total. Pent up domestic demand may have not yet surfaced per se, and it will take some time to measure that in any event, but with cutout prices historically high and the most recent Cold Storage report showing increasing inventories, proxy indicators are that domestic demand presently remains strong. The real unknown variable is the availability of live supplies, but there is anecdotal evidence suggesting supply is indeed tighter than first estimated and the situation is unlikely to change in the short term. All told, the conditions exist for exceptional cash prices at this time. The lean hog futures market was showing a bit of weakness in the contracts representing the fourth quarter at the open, but all contracts are trading higher than the previous day as of this writing. The weekly Export Sales report for week ending April 1 showed new net sales were notably lower than the previous week coming in at 33,360 MT compared to the 61,009 MT one week prior. China did not commit to much (1,200 MT) and it was Mexico showing up in the number one position (23,000 MT). The market has shrugged off the absence of China, however, as the net volume to all regions is still 70% higher than the five-year average (not including 2020). Despite the tariff disadvantage, the prickly diplomatic situation, and historical evidence that China is an inconsistent US purchaser, there is still a lot of hope and speculation that China will continue to be a customer of US pork, especially as the ASF situation in the country persists.

US soymeal futures opened higher this morning. This morning's Export Sales report showed volumes of beans shipped for week ending April 1 mirroring the historical trend. Shipments were once again lower than week-ago coming in at 345,170 MT or down 25%. The volume is 40% lower than the five-year average for the marketing week. New net sales were net negative for the week (-92,461 MT) which happens from time to time when cancellations offset new commitments. US soybean futures remain elevated, however, as one week of weak data does not represent a trend, and the US balance sheets remains exceptionally tight.

US corn futures opened higher this morning. Physical deliveries of US corn for export eclipsed 2.053 MMT last week coming in at the second highest level going back to 2010 (the furthest internal data set we keep on record) and likely longer than that. The volume is ~60% higher than the five-year average. New net sales registered at the opposite end of the spectrum, coming in at 757,039 MT, ~8% lower than the average, and at the lower end of the historical range

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

214.46
225.86

227.20
235.70

228.74
236.14

215.93
226.21

189.25
198.19

186.27
188.73

169.74
177.11

168.18
171.75

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STRENGTH IN NUMBERS

