

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 9, 2021

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

US Slaughter

492,000	Thursday
468,000	Year Ago

Daily Prices

WCB	\$101.12
National	\$99.39
Nat'l Cutout Adj	\$99.90
Daily Cutout	\$111.00
Signature 4	\$221.91
BP4/TCP4	\$221.91
HyLife Cash	\$236.37
HyLife Cutout	\$237.59

BoC Rate (Noon) prev. day
\$1.2579 CAD / \$0.7950 USD

Cash Prices Week Ending

April 10, 2021

Signature 4	219.63/99.62
h@ms Cash	217.63/98.72
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	216.21/98.07
OlyWest 2020	224.90/102.01
OlyWest 2021 (Cutout)	233.00/105.69
ISO Weans	\$48.18 US Avg.
Feeder Pigs	\$100.96 US Avg.

Forward contract prices opened mixed this morning. Daily US cash reference prices are higher to finish the week with the WCB, National, and National cutout-adjusted bases up \$0.62, \$0.95, and \$0.28 USD/cwt respectively. While the WCB has eclipsed the psychological \$100 level this week, the weekly base price calculation determined for week ending April 10 fell just short of that mark coming in at \$99.96. The weekly base prices in the formula regions were up \$1.68, \$1.61, and \$2.13 for the National, National cutout-adjusted, and USDA cutout-formula, respectively, and all regions will likely be flirting with \$100 values next week if the present tack remains. Today there is little reason to think that prices will not continue to see ongoing strength, although the intensity of the daily and weekly increases does appear to be softening somewhat compared to earlier in the year. The crest or top, in any case, has not yet been reached; supply side uncertainty and ongoing demand strength will likely continue to be features of the cash markets for the time being and provide ongoing supports. Lean hog futures are trading mixed this morning but nonetheless amid record highs (2014 levels notwithstanding). We have seen some estimates calling for 2014 levels (or more) to be reached in the summer contracts and while that cannot be completely ruled out is it important to note that summer futures are still approximately 25% below the 2014 highs. In 2014, June, July, and August futures all reached values above \$130 USD/cwt and while there are some similarities between the marketing environments (tight supply and strong demand outlooks), there are differences between 2014 and now. In any event, cash and futures markets are expected to maintain a (softening?) steady-to-higher trend in the short term and unless some external market shock develops, most market watchers are not calling for a substantial turnaround until approximately the fourth quarter...today.

US soymeal futures opened higher this morning. The April WASDE report will be released later this morning and trading remains light with most traders making only last-minute adjustments to their positions ahead of the publication. Analysts' expectations ahead of this month's WASDE report are calling for ending stocks to come in at 119 million bu. on average which would be only a minor drop relative to the March 120 million bu. estimate but still amid record lows.

US corn futures opened higher this morning. Like beans, US corn futures are not trading with much vigor ahead of this morning's WASDE report but still amid record highs. If the US corn balance sheet delivers any bullish surprises, some analysts are calling for prices to break the \$6.00 USD/bu. level after a consolidation period that developed in February around the \$5.60 mark (nearby contract). Also like beans, analysts see the USDA tightening the balance sheet to 1.369 billion bu. ending stocks on average, down from the 1.502 billion bu. estimate in the March report.

Forward Range
(at opening)

	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	214.65 226.02	227.36 235.83	228.30 236.28	214.97 225.22	190.08 199.00	187.19 189.64	170.58 177.94	169.02 172.59

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STRENGTH IN NUMBERS

