

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 12, 2021

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

US Slaughter

2.487 mil.	Last Week
2.393 mil.	Year Ago

Daily Prices

WCB	\$101.42
National	\$99.42
Nat'l Cutout Adj	\$101.85
Daily Cutout	\$113.17
Signature 4	\$221.37
BP4/TCP4	\$221.37
HyLife Cash	\$235.74
HyLife Cutout	\$241.51

BoC Rate (Noon) prev. day
\$1.2544 CAD / \$0.7972 USD

Cash Prices Week Ending

April 10, 2021

Signature 4	219.63/99.62
h@ms Cash	217.63/98.72
HyLife Cash	233.93/106.11
HyLife Cutout	236.07/107.08
BP4/TCP4	216.21/98.07
OlyWest 2020	224.90/102.01
OlyWest 2021 (Cutout)	233.00/105.69

ISO Weans \$49.18 US Avg.

Feeder Pigs \$98.72 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets continue to climb incrementally higher as supply tightness and robust demand from all channels remain features of the present marketing environment. The pace of the rally is softening somewhat compared to earlier in the year, but a supportive dynamic remains present nonetheless. The WCB, National, and National cutout-adjusted regions were up \$0.30, \$0.03, and \$1.95 USD/cwt, respectively. The net value of the primal cuts likewise continues its upward trajectory for the eleventh consecutive week as freezer inventories are rebuilt and the pipeline is replenished. The weekly net value of the cutout for week ending April 10 came in at \$110.71 USD/cwt, led by bellies and ribs that are now both trading over \$200 on the daily report. Last week, ribs were at their highest values ever (including for 2014 and the 2020 plant disruptions) while bellies are at their highest level for the marketing week and the fifth highest ever (also including 2014 and 2020). Weekly processing was slightly higher than the previous reporting period and came in at an estimated 2.487 million head but has been following a more seasonal pace since the beginning of the year which is to say trending lower; cash pricing will likely remain supported in the short-to-mid terms. Lean hog futures are mixed to start the week, but most futures continue to trade amid contract highs. Like cash, futures values appear to be moderating compared to earlier in the year, but incremental gains continue to be made. Some analysts are suggesting 2014 levels could be reached in the futures markets, and while that cannot be ruled out, another 25% from current levels would be considered exceptional. Futures values are approximately 37% higher than cash average benchmarks as supply concerns over the next couple months, export speculation (especially as China continues to struggle with ASF), and the post Covid-19 domestic demand outlook remains strong.

US soymeal futures opened lower this morning. The April WASDE report released on Friday was considered neutral. Analysts' expectations ahead of the report ranged between 110 million and 135 million bu. (119 million on average) and the USDA did not adjust ending stocks estimates lower relative to the previous month which came in at 120 million bu. US soybean futures are lower to begin the week and trading near the middle of the range that started to become defined in February.

US corn futures opened lower this morning. US corn futures were volatile following the release of the April WASDE report on Friday, but ultimately settled lower at the close. US ending stocks of corn were estimated at 1.352 billion bu., down from the 1.502 billion on the March report and the 1.396 billion bu average estimated by analysts ahead of the release. Global ending stocks were considered neutral, however, keeping the upside in check in the Friday session.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

218.76
229.02

230.35
238.83

230.49
239.27

215.62
225.86

190.42
199.33

187.74
190.19

171.43
178.78

169.87
173.44

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STRENGTH IN NUMBERS

