

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 13, 2021

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

US Slaughter

494,000 Monday
306,000 Year Ago

Daily Prices

WCB	\$101.85
National	\$99.87
Nat'l Cutout Adj	\$99.87
Daily Cutout	\$110.10
Signature 4	\$222.52
BP4/TCP4	\$222.52
HyLife Cash	\$236.14
HyLife Cutout	\$236.14

BoC Rate (Noon) prev. day
\$1.2553 CAD / \$0.7966 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 lower this morning. Daily US cash markets are mixed with the negotiated WCB region up \$0.43 USD/cwt., National \$0.45 higher, and the National cutout-adjusted reference price down \$1.98 relative to the previous day. The value of the cutout softened \$3.07 in the latest USDA report, led by bellies which saw a whopping one-day \$19.22 move lower. Variability in the belly primal is not unusual and it is indeed one of the more volatile of all the primal cuts. Market watchers will nonetheless be looking very closely at bellies, however, as it is presently trading amid record levels and coincidentally enough, this marketing week represented a 'turnaround' in bellies during the 2014 marketing year. One 'down day' and a coincidental pattern in a separate marketing year does not imply a trend, but the primal will be watched closely for signs of a trend reversal, especially as bellies are in better shape from a cold storage rebuilding perspective relative to the other cuts. Lean hog futures are mixed at the open after the front three contract months locked limit-low at yesterday's close. Trading has been choppy and two-sided this morning. There is much speculation on yesterday's move lower that bucked the recent trend higher. Any number of factors could be behind the move and some analysts have been suggesting that the technical set-up has been ripe for a correction. Other theories include large commercial hedgers entering the market (a sell-side entry), or that managed money ('the funds') have exited the trade and took profits after reaching performance goals. In any case, the one-day move does not appear to be the start of a massive reversal and the market has more or less stabilized at present levels which remain at record -highs. The fundamental outlook has not changed substantially and the general tone in the market is one of optimism out to at least the end of the year...today.

US soymeal futures opened higher this morning. US soybean futures have consolidated below the \$14.00 USD/bu level (nearby contract) after briefly eclipsing the mark in a few sessions last month. General commentary suggests the market is 'a bit disappointed' that the 120 million bu. carryout estimate in the latest WASDE report has remained at that level in the last three reports. There is some talk that managed money exits could lead to some softness in the trade, but that notion remains highly speculative today.

US corn futures opened higher this morning. Like beans, US corn futures are consolidating at current levels but unlike beans, US corn values remain trading amid the closing highs (nearby contract). Ongoing export demand and a tight balance sheet are factors underlying the support. Yesterday's Crop Progress report showed corn was 4% planted against the five-year average pace of 3% and pre-report estimates of 6%. It is much too early to draw conclusions other than US corn planting is underway

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

210.42
220.68

222.02
230.50

223.08
230.95

210.15
220.41

187.26
196.17

184.40
186.86

169.31
176.67

167.75
171.32

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STRENGTH IN NUMBERS

