

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 16, 2021

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

US Slaughter

| | |
|---------|----------|
| 479,000 | Thursday |
| 436,000 | Year Ago |

Daily Prices

| | |
|------------------|----------|
| WCB | \$104.46 |
| National | \$101.68 |
| Nat'l Cutout Adj | \$102.03 |
| Daily Cutout | \$113.37 |
| Signature 4 | \$226.14 |
| BP4/TCP4 | \$226.14 |
| HyLife Cash | \$240.22 |
| HyLife Cutout | \$241.05 |

BoC Rate (Noon) prev. day
\$1.2530 CAD / \$0.7981 USD

Cash Prices Week Ending

April 17, 2021

| | |
|-----------------------|---------------|
| Signature 4 | 223.79/101.51 |
| h@ms Cash | 221.79/100.60 |
| HyLife Cash | N/A |
| HyLife Cutout | N/A |
| BP4/TCP4 | 219.63/99.62 |
| OlyWest 2020 | 229.10/103.92 |
| OlyWest 2021 (Cutout) | 236.80/107.41 |

ISO Weans \$49.18 US Avg.

Feeder Pigs \$98.72 US Avg.

Forward contract prices opened lower this morning. Daily US cash markets continue to climb incrementally higher and all regional base prices are over \$100.00 USD/cwt. Weekly reference pricing (constructed from a five-day daily average) is also over \$100 in all regions except for the USDA cutout-formula which is calculated on a 'lag' relative to the others; the USDA cutout-formula base will be over \$100 next week meaning unless there is significant cash weakness in marketing week 16, all regional weekly references will be above \$100 for the first time since 2014. The present trend is not exactly mirroring the 2014 profile and values are approximately 26% below 2014 levels. But that is not to say record highs cannot be achieved in the summer timeframe. In 2014, cash values backed off from \$127.46 in marketing week 13 to \$109.48 by marketing week 23, only to see strength return by August before finally drifting lower into a more seasonal pattern (National region). Today, the National is valued at \$100.52 and if the present tack is maintained, new highs (including 2014) could be reached in June. One should be careful making comparisons to 2014, however, and it is only referenced here to highlight the exceptional strength seen in cash markets today. Lean hog futures saw follow through selling at this morning's open but are trading mixed and moving into a sideways pattern as of this writing. The futures market has seen some pressure this week in moves that has been highly speculated upon but appears to have been technical/institutional in the early part of the week and more fundamentally speculative after the release of the weekly Export Sales report (yesterday) that showed less new net sales than expectations. While domestic demand remains strong, the market will be sensitive to export data and any sustained weakness could trigger more selling. However, China has been inconsistent generally and the market will be looking to see if more commitments are made in next week's report. The ASF situation in the country has been persistent and sow liquidations were being reported. Just as easily as China stepped back in the last reporting period, they could swiftly enter the US market for supplies once again.

US soymeal futures opened higher this morning. Weather premiums are currently being cited as rationale for the past three sessions of strength as Brazil has seen recent rain more in terms of showers than real moisture replenishing events. Areas of the US are also persistently dry and could tighten production outlooks if timely rain doesn't materialize. At least one analyst is calling for more weather premium to be priced into the market as the presently tight balance sheet does not leave much room for error.

US corn futures opened mixed this morning. US corn futures are backing off from the recent highs as the market attempts to reconcile a reduction in feed demand due ASF in China, a comparatively poor export sales report yesterday (new net sales), a relatively tight balance sheet (although not as acute as seen in beans), and dryness across some important growing regions in the US. The market is trading amid the highs, but the tack higher has softened for now.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

205.34
215.54

216.87
225.30

216.92
225.75

203.18
213.39

180.22
189.10

177.34
179.74

163.91
171.24

162.36
165.61

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STRENGTH IN NUMBERS

