

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, April 20, 2021

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

US Slaughter

490,000	Monday
365,000	Year Ago

Daily Prices

WCB	\$106.34
National	\$102.35
Nat'l Cutout Adj	\$102.67
Daily Cutout	\$114.08
Signature 4	\$227.43
BP4/TCP4	\$227.43
HyLife Cash	\$241.22
HyLife Cutout	\$241.98

BoC Rate (Noon) prev. day
\$1.2519 CAD / \$0.7988 USD

Cash Prices Week Ending

April 17, 2021

Signature 4	223.79/101.51
h@ms Cash	221.79/100.60
HyLife Cash	238.61/108.23
HyLife Cutout	239.02/108.42
BP4/TCP4	219.63/99.62
OlyWest 2020	229.10/103.92
OlyWest 2021 (Cutout)	236.80/107.41

ISO Weans \$50.04 US Avg.

Feeder Pigs \$101.31 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets continue to climb higher and maintain the (now) unprecedented trend upward that has been consistent since the beginning of the year. While prices are not as high as they were in 2014, and the upward sloping pattern is presently not as steep, by this time in 2014, the trend was moving lower (and had been for a couple marketing weeks) until mid-June when it regained momentum to the end of July. This year, prices have not abated and do not appear poised to do so in the short term. Anecdotal reports of unfilled finishing spaces and a lack of available pigs to fill them are starting to make the rounds on social media. Of course, one must be careful considering these sources as regional issues may not necessarily identify a wider trend. But it does provide some colour especially as concrete supply data has been difficult to determine. Despite supply issues, demand remains quite strong. One thing not often talked about is the impact of stimulus checks being distributed to the American public – an article appearing in National Hog Farmer published yesterday cites a study showing that 30% of survey respondents plan to spend stimulus money on food, coming in second only to applying it to savings (34%). 'Food' is not just pork, but it will help the sector especially as grilling season is approaching and even though vaccines are rolling out in the US at a relatively rapid pace, people are still spending more time at home and may continue to do so for some time until a sense of normalcy returns. The pork cutout remains elevated and ribs (even though they do not make up for a significant portion of the net cutout value) are on fire, colloquially speaking, as they trade above \$225 USD/cwt on the most recent daily report (a record for any marketing year). Recall that the largest disappearance channel for US pork is the domestic market (~70%). Lean hog futures gapped higher at the open and while they continued to climb incrementally higher, they have settled into a more sideways pattern as of this writing. The previous week's weakness has not yet been retraced, but there are ideas that last week's move was a function of institutional or managed money repositioning, and that the trend will likely bias higher in the short-to-mid-term on fundamental outlooks.

US soybean futures opened higher this morning. The two front-month US soybean futures contracts are making a run for \$15.00 USD/bu. as the market continues to trade higher for the sixth consecutive session in a row. A tight balance sheet and ongoing strong demand continues to influence the trade higher where a rationing price has not yet been achieved. Soybeans appeared on yesterday's Crop Progress report for the first time this year and were estimated at 3% of intentions. It is much too early to draw any conclusions from the data today, but areas of the US are forecast cooler than seasonal over the next week or two that could delay some planting progress.

US corn futures opened higher this morning. The nearby US corn futures contract (May) is trading above \$6.00 USD/bu. as demand remains strong and talk that producers are not selling right now are making the rounds. The July contract is withing striking distance of \$6 as well. Yesterday's Crop Progress report showed US farmers planted 8% of intentions as of last Sunday which is in line with the five-year average, but cool temperatures could see delays in subsequent reports.

Forward Range
(at opening)

	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	218.95 220.50	222.95 231.17	221.19 228.73	210.10 221.88	186.03 194.92	181.14 185.58	169.02 178.58	167.47 171.02

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STRENGTH IN NUMBERS

