

Hog Margin Outlook

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Wednesday, April 21, 2021

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

US Slaughter	
485,000	Tuesday
360,000	Year Ago
Daily Prices	
WCB	\$108.15
National	\$102.81
Nat'l Cutout Adj	\$103.53
Daily Cutout	\$115.03
Signature 4	\$229.43
BP4/TCP4	\$229.43
HyLife Cash	\$242.63
HyLife Cutout	\$244.31
BoC Rate (Noon) prev. day \$1.2572 CAD / \$0.7954 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 er this morning. Daily US cash markets are maintaining the steady trend higher with all regions reporting consecutive day over day gains since April 15. Daily variability has been present in some of the regions, most notably the National cutout-adjusted and USDA cutout-formula which is a function of fluctuations in the net value of the cutout. Regardless, the trend remains decisively higher for all base pricing when the week is the unit of analysis. While the WCB region is not used to determine pricing in western Canada, it is a region to watch as it represents uncommitted US hogs, or the 'cash market' in a more traditional and acute supply and demand sense. The WCB is currently poised to eclipse 2014 levels by early May, lending credence to the notion that supplies are indeed tight, an idea no one disagrees with today. Of course, there was a mid-spring correction in the cash markets that developed in early April 2014, so the 2014 marketing year saw some pullback before heading into the summer but reaching that benchmark would be a remarkable feat this year, nonetheless. Daily WCB values are presently 74% higher than the three-year average weekly price. In the meantime, demand from all channels remains strong and both supply and demand dynamics are behind the current cash support. Lean hog futures are seeing some volatility and trading lower as of this writing. Support on Monday and Tuesday saw the market retrace some of the sell-off seen in the week prior. But the trade appears to be attempting to define a new range amid some uncertainty and where managed money is also likely repositioning. As well, domestic demand outlooks remain very optimistic amid the forward-looking supply estimates, but there is a bit of question regarding exports, especially with China, where new commitments have been lower than expectations in the context of a worsening ASF situation in the country. Tomorrow's Export Sales report will be closely watched for clues on direction.

US soymeal futures opened higher this morning. The front-three US soybean futures contracts are all trading above \$14.00 USD/bu. and all contracts out to September 2022 made daily closing high in yesterday's session. If the current pace holds, contract closing highs will be reached once again today. China has released a guideline which recommends reduced soymeal and corn use in feed, but the high price of Chinese meal is supportive, and China is expected to still need a lot of beans. Vegetable oil markets are also offering support.

US corn futures opened higher this morning. May and July US corn futures are trading over \$6.00 USD/bu. and like beans, the remainder of the actively traded contracts continue to make new daily closing highs. Weather speculation a prime driver where in the US it remains a bit cool and in Brazil, dryness is prompting some production outlook concerns.

Forward Range (at opening)	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	213.84 215.39	217.83 226.04	217.45 223.60	206.49 218.24	182.46 191.34	177.69 182.13	166.04 175.58	164.48 168.04

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STRENGTH IN NUMBERS

