

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 22, 2021

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

US Slaughter

485,000 Wednesday
359,000 Year Ago

Daily Prices

WCB \$109.42
National \$103.19
Nat'l Cutout Adj \$103.19
Daily Cutout \$113.64
Signature 4 \$229.38
BP4/TCP4 \$229.38
HyLife Cash \$244.55
HyLife Cutout \$244.55

BoC Rate (Noon) prev. day
\$1.2523 CAD / \$0.7985 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 are mixed but still maintaining an upward sloping trend compared to the previous weekly value in all regions. The WCB is flirting with \$110.00 USD/cwt and is up \$1.27 relative to the previous day; National is \$0.38 higher while some daily variability in the cutout saw the National cutout-adjusted region come down \$0.15. Despite inconsistency in the primals, hams, picnics, butts, and loins are at values second only to the 2014 marketing year while bellies and ribs are at the highest values for the present marketing week. Ribs are stratospheric at \$234.11 (daily value) and at the highest level for any marketing week in any marketing year. In a refrain that is starting to sound repetitive, tight supplies combined with strong demand from all disappearance channels is providing ongoing support. This morning's export report shows robust demand net all regions with 43,872 MT physically shipped in the reporting period. Mexico and China were the primary destinations taking 13,800 MT and 13,400 MT, respectively. The volume was a marketing year high, the highest one-week volume going back to May 2020, and the sixth highest 'actual' volume on record. New net sales were less clear because the USDA made a data correction in this week's report. At first glance the net negative 22,100 MT stands out because it appears cancellations outweighed new commitments which would not be a bullish market signal. However, the USDA made a 'data correction' due to improper reporting and applied a 54,476 MT 'cancellation' to Mexico. It makes the picture a bit murky for this week, but China did commit to 13,000 MT which is a region that is being closely watched. One could argue it is a bit low considering the ongoing ASF situation and reported sow culling but there are not many in the industry that think China will not need pork in the near term, and especially until the country returns to more self-sufficient production levels.

US soymeal futures opened higher this morning. Physical deliveries of US beans reached a marketing year low at 266,414 MT, the lowest number for the reporting period, and the lowest going back to 2016. New commitments were likewise meagre at 64,299 MT, also a marketing year low and the lowest level for the reporting period. The trend for shipments and new net sales remains in a seasonal-to-lower pattern as the big customer (China) continues to source South American product, which is also normal for this time of year.

US corn futures opened higher this morning. Physical deliveries of US corn have been coming down in recent reporting periods but are still at volumes near the upper end of the seasonal range. For week ending April 15, US corn exporters shipped 1.605 MMT net all regions. New net sales were less impressive at 387,531 MT and the second lowest level for the marketing year. All eyes will be on future export reports (especially the net sales number) to see if the new China guidelines on reducing corn and soymeal in feed will have an impact. This week, China cancelled two cargoes of US corn.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

217.41
218.96

221.41
229.64

221.50
227.19

210.50
222.28

185.12
194.01

180.00
184.44

168.35
177.89

166.79
170.34

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STRENGTH IN NUMBERS

