

Hog Margin Outlook

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Friday, April 23, 2021

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

US Slaughter	
481,000	Thursday
362,000	Year Ago
Daily Prices	
WCB	\$110.83
National	\$104.29
Nat'l Cutout Adj	\$104.29
Daily Cutout	\$114.70
Signature 4	\$231.40
BP4/TCP4	\$231.40
HyLife Cash	\$246.19
HyLife Cutout	\$246.19
BoC Rate (Noon) prev. day \$1.2500 CAD / \$0.8000 USD	
Cash Prices Week Ending	
April 24, 2021	
Signature 4	228.55/103.67
h@ms Cash	226.55/102.76
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	223.79/101.51
OlyWest 2020	233.20/105.78
OlyWest 2021 (Cutout)	240.00/108.86
ISO Weans \$50.04 US Avg.	
Feeder Pigs \$101.31 US Avg.	

Forward contract prices opened lower this morning. Daily US cash prices continue to move higher as the fundamentals remain supportive. Weekly base prices for week ending April 24 likewise continue to climb with all regions now over \$100.00 USD/cwt for the first time since 2014. Week over week gains came in at \$5.49, \$2.30, and \$1.57 for the WCB, National, and USDA cutout-formula, respectively; when the National cutout-adjusted base is calculated later today, it will be over \$1.50 higher. Yesterday, the USDA released the Cold Storage report for March. Total pork inventories came in 6.5% lower than February and 23.2% below the three-year average (excluding 2020). Usually, total pork declines by around 2.5% between February and March, but the additional 4% this year is something to watch and suggests the strong demand from all channels is outpacing supply. Hams in cold storage were 34.1% lower compared to the previous month but the February to March drawdown is typical for the primal. If a more normal trend follows, the market could see a steady increase in ham inventories from now until September - even 2020 saw ham stocks increase from March albeit at a slower pace compared to other years. Bellies saw a counter-seasonal move lower when a February to March increase is typically the case. Even in 2017, when record low volumes prompted talk of 'bacon shortages' and supported prices in the summer, the primal saw modest increases relative to the previous month. March 2021 belly stocks are comparatively low at just over 35 million lb., but not the record low 21 million lb. seen in 2017 (data collected back to 1957). Lean hog futures are trading higher on the news but have not yet made up for the losses in the previous two sessions and the response has been relatively muted as of this writing. The market is consolidating at present levels and in the middle of the recent range. Daily volatility could remain a feature of market in the near term as managed money continues to reposition. Regardless, lean hog futures are still trading amid the highs.

US soymeal futures opened mixed this morning. After eight straight sessions of gains, US soybean futures are trading mixed to lower. Soybean oil closed limit up in yesterday's session, supporting the complex. Global vegetable oils are tight adding another variable into the mix that sees strong demand for beans more generally. Some analysts are calling for a correction, especially after this week's strong performance, but the modest softness seen in today's session is likely a function of some light profit taking ahead of the weekend as the fundamentals have not changed and the market is called steady to higher in the near term.

US corn futures opened mixed this morning. US corn futures are backing off in the present session after seeing limit up moves in yesterday's trade. The market is also called steady-to-higher even if it has run out of a bit of steam today. Low producer selling (US), production concerns in Brazil (weather related dryness) and dry conditions in important US growing regions are adding a 'supply story' into the mix. There is talk the high prices could 'pull in' more acres for both beans and corn, but that remains to be seen.

Forward Range (at opening)	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Maple Leaf Sig 4	215.79 217.34	219.78 227.98	220.65 225.54	210.48 222.24	184.81 193.69	179.84 184.28	168.05 177.58	166.49 170.04

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STRENGTH IN NUMBERS

