

Hog Margin Outlook

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Monday, April 26, 2021

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

US Slaughter

2.473 mil. Last Week
1.991 mil. Year Ago

Daily Prices

WCB	\$112.64
National	\$104.34
Nat'l Cutout Adj	\$104.34
Daily Cutout	\$111.94
Signature 4	\$231.30
BP4/TCP4	\$231.30
HyLife Cash	\$245.85
HyLife Cutout	\$245.85

BoC Rate (Noon) prev. day
\$1.2489 CAD / \$0.8007 USD

Cash Prices Week Ending

April 24, 2021

Signature 4	228.55/103.67
h@ms Cash	226.55/102.76
HyLife Cash	244.09/110.72
HyLife Cutout	244.58/110.94
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 mixed this morning. Daily US cash markets continue the upward trajectory that has been a feature of the cash trade since the beginning of the year. The WCB region is poised to overtake 2014 levels potentially as early this week although the daily \$112.64 USD/cwt value is not yet at the 2014 'high' that moved above \$130 in July. Both National bases (traditional and cutout-adjusted) are seeing more modest daily gains compared to the negotiated WCB region but are moving upward, nonetheless. A one-day, \$13.81 move lower in bellies in the latest USDA report led the net value of the carcass lower but volatility in the belly primal is not unusual. It could just as easily retrace upward tomorrow unless there is a change in purchasing behaviour developing; bellies will be closely watched for clues on direction. Weekly slaughter came in at 2.473 million head which is 6.0% higher than the three-year average, 5.4% higher than 2019, and essentially flat with last week (+0.2%). By this time last year, Covid-19 plant disruptions were firmly entrenched, so the year-ago comparison doesn't really imply much from an analytical perspective (+24.2%) other than to highlight how disruptive the virus was on the industry. So long as demand strength remains at present or higher levels with the available supplies, cash markets will continue to see strength. Lean hog futures on the other hand have moved into a pattern of consolidation and are trading mixed as of this writing. The nearbys are seeing some softening while the deferreds are seeing modest support. There is talk that managed money or fund repositioning is behind some of the daily moves as investors potentially met performance goals. The market has been trading in a sideways trend with a bias higher since the beginning of last week. The fundamental outlook continues to be bullish out to the end of the year and while the 2022 futures are performing better than benchmarks, values are not as bullish as those seen in 2021. The Canadian dollar is up by a half cent this morning, pressuring Canadian forward contract values to start the week.

US soymeal futures opened higher this morning. US soybean futures continue to push higher but there is talk that the market may be defining an interim top as technical indicators show beans are in overbought territory and ripe for a correction or, at least, a consolidating pattern. Regardless, the weather is being closely watched in both hemispheres and a supply story could develop more prominently while demand remains strong.

US corn futures opened higher this morning. The front-two futures months are trading well above \$6.00 USD/bu this morning, following the resumption of strength last week that included a 'limit up' day on April 22. Like beans, production concerns stemming from dry weather are being discussed. There are rumors that Brazil is buying Argentine corn which if true would highlight the extent that the dry weather is having on production outlooks in the country.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

216.00

218.43
226.57

219.80
224.15

210.70
222.38

186.10
194.91

181.35
185.76

170.22
179.70

168.68
172.20

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STRENGTH IN NUMBERS

