

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, April 26, 2021

For details call: (204)235-2237 or visit

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## US Slaughter

489,000	Monday
305,000	Year Ago

## Daily Prices

WCB	\$111.16
National	\$104.84
Nat'l Cutout Adj	\$104.84
Daily Cutout	\$109.30

Signature 4	\$230.98
BP4/TCP4	\$230.98
HyLife Cash	\$246.81
HyLife Cutout	\$246.81

**BoC Rate (Noon) prev. day**  
\$1.2412 CAD / \$0.8057 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 \$48.44 US Avg.

Feeder Pigs \$99.70 US Avg.

**Forward contract prices opened higher this morning.** Daily US cash markets are mixed with the WCB down \$1.48 USD/cwt. and both National variants up by \$0.50. Market watchers looking for a cash 'top' are taking note as the WCB base price moved lower for the first time since April 7 and only the second time in about a month. It is much too early to make that call, however, as daily price variability has been a feature of the market for months and the overall trend has been one that has been moving decisively higher. One 'down day' is not indicative of a trend especially when the other regions are moving upward, but the WCB will be closely watched as it typically leads cash market trends, either higher or lower. The pork cutout is also seeing some softness, in part, as a result of the day-over-day weakness developing in the belly primal which has seen double-digit losses over the past two days. Bellies only make up for about 15% of the value of the cutout, but its notable move lower is having an impact as it reached near-record levels in recent weeks (only summer 2017 was higher). Today the primal is ~19% lower than the highs seen in marketing week 14 (comparing daily values to the weekly average) and it will also be closely watched as it could hint at things to come. Interestingly, it is presently following the tack seen in 2014 when bellies also 'turned around' and headed lower into the spring. Lean hog futures are consolidating at current values and are trading in a sideways pattern as of this writing. The futures do not appear to be exhibiting any signs of a trend reversal and are called steady in the near term although a number of commentators have opined that if China backs off from new commitments, the market could be poised for a move lower. The likelihood of China backing off consistently is a subject of much debate even though the consensus is that the country 'needs' pork by any objective measure as evidence mounts. Unfortunately, China has been an inconsistent US customer and the market will be sensitive to new net sales (commitments) numbers when subsequent reports are released.

**US soymeal futures opened higher this morning.** US soybean futures continue to make gains and will have done so for the eleventh consecutive session in a row if the present trading pattern is maintained at today's close. Demand rationing has not materialized despite the elevated prices that haven't been seen in years. There is talk there is a cargo of beans for the US from Brazil expected to land on the east coast. Yesterday's Crop Progress report showed planting progress 'as at' Sunday reached 8%, a 5% gain over the previous reporting period and 3% higher than the five-year average.

**US corn futures opened higher this morning.** Like beans, US corn futures are pushing higher as they have done so as a trend since the beginning of last December and really started to take off in April. There are some analysts suggesting that the market is running out of steam. Is it? It sure doesn't appear that way as despite some ideas that China could back off on new commitments, demand remains robust and growing conditions in both hemispheres are presently less than ideal. Crop progress came in at 17% compared to 8% in last week's report and 3% lower than the five-year average. It is too early to draw conclusions, but there are questions about final production as important growing areas remain too dry today.

Forward Range  
(at opening)

May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
217.75	220.18 228.32	221.04 225.90	211.46 223.13	186.03 194.84	181.12 185.53	169.68 179.14	168.14 171.66

Maple Leaf  
Sig 4

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STRENGTH IN NUMBERS

