

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, April 29, 2021

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

US Slaughter

483,000 Wednesday
267,000 Year Ago

Daily Prices

WCB	\$116.15
National	\$104.38
Nat'l Cutout Adj	\$104.38
Daily Cutout	\$108.21
Signature 4	\$228.94
BP4/TCP4	\$228.94
HyLife Cash	\$244.04
HyLife Cutout	\$244.04

BoC Rate (Noon) prev. day
\$1.2357 CAD / \$0.8093 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 lower this morning. Daily US base prices are mixed and while both National variants are down \$0.61 USD/cwt., the negotiated WCB region continues upward to \$116.15 now placing the daily value above the 2014 weekly base price for this marketing week. When the weekly base is constructed later today, the WCB will not be higher than 2014, but if the trajectory remains in place, 2014 levels will be eclipsed in the next reporting period. Some softness is developing in the net value of the pork cutout and while ribs continue their impressive rally (\$239.58 in the most recent USDA report), weakness in bellies are leading the net value of the cutout lower. When the weekly belly price is reported on Monday, it will likely come in near \$160 which would represent a more than \$30 move lower than the previous week or a decline of 16%. Lean hog futures are lower and have given up all the gains in the previous session. The market shrugged off the physical exports number in this morning's Export Sales report which showed 58.800 MT (a marketing year high) were delivered in the reporting period. Mexico was the number one destination taking 30,300 MT (including a late reporting of 17,700 MT) while China took 13,900 MT. The addition of the late reporting may have taken some of the bullishness out of the market but the new net sales number likely is having more of an influence. New net sales came in at 35,600 MT which is in line with the average since the beginning of the year, but net sales have been inconsistent, and China only committed to 2,000 MT which is a far cry from the 25,000+MT commitments seen in prior reports. As well, the Canadian dollar has made a move upward on rising oil prices, the announcement of the \$1.8 trillion stimulus package in the USA, and the and ideas that US interest rates and monetary policy will remain in place. The net result was an initial \$0.50+ rally in the CAD which has an approximate \$1.40 impact (lower, on average) on the value of a forward contract priced in Canadian dollars.

US soymeal futures opened lower this morning. This morning's Export Sales report showed physical deliveries of US soybeans came in at 340,400 MT for week ending April 22 which is in line with the seasonal trend. While the delivered volume was 50.3% higher than the previous period, it is 18.6% lower than the five-year average. New net sales were likewise seasonal and came in at 292,500 MT or 17.1% below the five-year average. Commitments were notably higher than week-ago but that is because the previous week was notably low and more than 80% off (lower) the benchmarks.

US corn futures opened lower this morning. Weekly, physical deliveries of US corn remain high with 1.915 MMT shipped in the reporting period. The volume was 19.2% higher than the previous week and ~45% higher than the five-year average. While not a marketing year high, it is amid the upper levels and the highest for this marketing week. Net sales were less impressive coming in amid the lower end of the historical range and ~52% lower than the five-year average (521,200 MT).

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

219.63

222.03
230.12

223.58
227.71

212.87
224.45

187.15
195.89

182.34
186.71

170.11
179.50

168.58
172.07

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STRENGTH IN NUMBERS

