

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, April 30, 2021

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

US Slaughter

481,000	Thursday
286,000	Year Ago

Daily Prices

WCB	\$116.29
National	\$104.60
Nat'l Cutout Adj	\$104.60
Daily Cutout	\$107.55

Signature 4	\$228.21
BP4/TCP4	\$228.21
HyLife Cash	\$243.64
HyLife Cutout	\$243.64

BoC Rate (Noon) prev. day
\$1.2292 CAD / \$0.8135 USD

Cash Prices Week Ending

May 1, 2021

Signature 4	230.12/104.38
h@ms Cash	228.12/103.47
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	228.55/103.67
OlyWest 2020	240.10/108.91
OlyWest 2021 (Cutout)	245.10/111.18

ISO Weans \$48.44 US Avg.

Feeder Pigs \$99.70 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets are higher to finish the week and once again, weekly prices are up relative to week-ago. Weekly base pricing is higher by \$6.16, \$1.81, \$1.09, and \$2.26 USD/cwt for the WCB, National, National cutout-adjusted, and USDA cutout-formula references, respectively. There is a bit of softness developing in some regions, however, and while the WCB will almost certainly surpass 2014 values for week ending May 8, the National and cutout-adjusted variants may struggle to reach the benchmark. The weekly net value of the cutout (which is also a variable in the 'traditional' National price, albeit with a much lower impact) will likely be lower than week-ago when published on Monday as all cuts either softened or levelled out this week, daily variability notwithstanding. Bellies have seen the largest drop and could come in some 30+% lower than the previous week which would be the largest one-week drop since Covid-19 plant disruptions materialized and only the fourth time on record the primal has seen a \$40+ move lower. The thinly traded nearby lean hog futures contract (May) will also be closely watched as there are only two full weeks left to expiration and the contract is trading at a premium to the cash. The lean hog index and the futures must match at expiration. Will cash values rise in the next two weeks or will the May contract start to make a move lower? Only time will tell, but market watchers are noting the softness in the cutout which is also a proxy for real-time demand. On balance, all lean hog futures are higher this morning but have not yet made up for the losses in the previous session. Futures have been trading in a choppy pattern since April 12 but are nonetheless maintaining values at the upper end of the trading range in the past three sessions and are still amid record levels. Information is 'priced in' for now and it does not appear that futures have a reason to rally much further from present values, but the risk of a major trend lower also appears low if the present optimism is maintained, all else equal.

US soymeal futures opened higher this morning. The softness seen in yesterday's trading session has been attributed to a minor correction. China uncertainty (feed demand due to ASF) and weather issues (too dry in both hemispheres) remain variables on both sides of the balance sheet. Exports remain seasonal for now which is to say on the low side both in terms of physical deliveries and new commitments. The market will be watching weather developments as planting ramps up in the USA.

US corn futures opened higher this morning. Drought conditions for large important growing areas are prompting much speculation but planting is expected to ramp up this week, especially for corn which could be more than 50% complete within a few days. Like beans, the pullback in the futures seen two sessions ago was considered a corrective move as opposed to any new fundamental or technical trend reversal and outlooks remain bullish for now.

Forward Range
(at opening)

May

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Maple Leaf
Sig 4

219.73

222.13
230.19

224.93
227.98

214.47
226.02

188.28
197.00

183.69
188.05

170.88
180.26

169.36
172.85

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STRENGTH IN NUMBERS

