

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 4, 2021

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

US Slaughter

483,000 Monday
280,000 Year Ago

Daily Prices

WCB \$116.07
National \$104.88
Nat'l Cutout Adj \$104.88
Daily Cutout \$111.66
Signature 4 \$228.59
BP4/TCP4 \$228.59
HyLife Cash \$242.88
HyLife Cutout \$242.88

BoC Rate (Noon) prev. day
\$1.2279 CAD / \$0.8144 USD

Cash Prices Week Ending

May 1, 2021

Signature 4 230.12/104.38
h@ms Cash 228.12/103.47
HyLife Cash 244.43/110.87
HyLife Cutout 244.43/110.87
BP4/TCP4 228.55/103.67
OlyWest 2020 240.10/108.91
OlyWest 2021 (Cutout) 245.10/111.18

ISO Weans \$48.93 US Avg.

Feeder Pigs \$93.13 US Avg.

Forward contract prices opened higher this morning. US cash markets are mixed with the WCB down \$0.36 and the two National base prices (both cutout-adjusted and traditional) \$0.42 USD/cwt. higher relative to the previous day. Between 2015 and 2020, the spread between the WCB and the National base prices favoured the National for the vast majority of the time with the WCB valued higher in only 10 out of 313 marketing weeks. The WCB is a more volatile price series and much more thinly traded than formula pricing but it does lead trends both higher and lower, so it is closely watched. In 2014 the WCB/National spread favoured the WCB in 18 marketing weeks. This year the WCB has been higher than the National base for six consecutive weeks and eight weeks in total so far. Last week's \$9.65 spread favoring the WCB was the highest ever on record including 2014. In 2014, the longest time WCB outpaced National was for seven consecutive weeks but once some weakness developed, the normal spread relationship developed relatively swiftly. One 'down day' is not indicative of a trend, but because the region leads the trends, any change at these levels is closely scrutinized for a hint of a trend reversal. Considering present supply and demand fundamentals, it is unlikely that a trend reversal is materializing, but if it does, it would likely take a couple weeks to reverse meaning this will be the longest time the WCB has outpaced the National region in recent memory. Like all regions, daily variability is a feature of the cash markets even as the trend remains higher for now. Lean hog futures are mixed following yesterday's session that saw the June and July contracts briefly trade in expanded limits following the 'limit up' moves seen in the Friday session. The market remains optimistic that a seasonal tightening of supplies will support prices at present demand outlooks.

US soymeal futures opened higher this morning. US soybean planting progress is now well under way with producers advancing only slightly below the average trade guess for progress as of Sunday May 2. US soybeans are estimated at 24% completed, against a 25% expectation that ranged between 17% and 34%. The five-year average pace for this time of year comes in at 11%.

US corn futures opened higher this morning. US corn planting advanced to 46% last week against a 44% pre-report estimate. Analysts expected crop progress to be between 35% and 53% but in any case, corn in the ground is notably above the five-year average of 36%. Dry conditions allowed producers to get on the fields and while drought conditions remain in critical US growing areas, forecast rain in the coming days may get the crop off to a good start.

Forward Range
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Maple Leaf
Sig 4

234.62

242.71

238.65

241.71

225.86

237.44

195.86

204.60

191.05

195.42

176.22

185.63

174.69

178.19

168.30

179.19

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STRENGTH IN NUMBERS

