

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, May 5, 2021

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

US Slaughter

487,000 Tuesday
302,000 Year Ago

Daily Prices

WCB	\$118.72
National	\$104.49
Nat'l Cutout Adj	\$104.49
Daily Cutout	\$111.18
Signature 4	\$228.40
BP4/TCP4	\$228.40
HyLife Cash	\$241.84
HyLife Cutout	\$241.84

BoC Rate (Noon) prev. day
\$1.2315 CAD / \$0.8120 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 lower this morning. Daily US cash markets are mixed with the negotiated WCB region up \$2.65 USD/cwt while the National and National cutout-adjusted base prices are lower by \$0.39. The WCB continues its remarkable trajectory higher as packers compete more aggressively for uncommitted hogs. National-based formulas of all varieties are seeing some softening but there is not concrete trend reversal in place at this time. Daily variability in the net value of the cutout continues to hold influence over the formula prices which has seen some ebbing and flowing in recent weeks. Regardless, cutout values remain strong as demand from all channels remains robust. There is unsubstantiated talk that restaurant meat buyers are in the market a bit more aggressively as vaccines roll-out in the USA and restaurateurs get ready to compete for the consumer's dollar once again; they are eagerly waiting to recapture lost business during the height of the US lockdowns. Lean hog futures are backing off from yesterday's highs that were supported by March export numbers released yesterday. Yes, there is a weekly Export Sales report that is published on Thursdays, but the weekly report only includes primal cuts (and some trim items) whereas the monthly report aggregates all customs data which is lagged by approximately two months. Yesterday, the data showed March exports increased by 23.2% relative to the previous month (against a 12.0% five-year average increase between February and March) and were 3,273 MT higher than the March numbers last year. The recorded 294,728.6 MT of 'Pork and Pork Products' is a new record for the month. Now, in 2020, exported volumes of pork steadily declined month over month until June and there typically is a trend lower from April/May heading into the summer on average, but the weekly series suggests that subsequent monthly numbers will not be a mirror image of year ago (so far) and will likely remain at elevated levels in the short term. In any case, the weekly report will be closely watched for clues on direction while yesterday's monthly report showed exports remain very strong at present.

US soymeal futures opened higher this morning. US soybean futures are consolidating at elevated levels following the rally that developed from April 13 to April 26 that pushed the market to new highs. Tight supplies and some weather concerns remain supportive. While planting is well under way in the US, there is some talk that the cool and dry weather could impact emergence. The 6-10-day forecast shows little moisture in US growing areas experiencing drought.

US corn futures opened mixed this morning. US corn futures are looking to define a near-term top as the past two sessions have seen relatively little daily variability following an impressive rally that began at the beginning of April and a 'limit up' day on Friday. The nearby May contract has been trading above \$7.00 USD/bu since Friday and the June contract is making a move for \$7 as well. Like beans, weather concerns are offering support as timely rain will be very important this year and there is not much in the forecast so far.

Forward Range
(at opening)

	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan
Maple Leaf Sig 4	233.30 241.35	236.83 239.88	224.09 235.63	194.09 202.80	189.21 193.56	175.01 184.37	173.49 176.97	168.47 179.39

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STRENGTH IN NUMBERS

