

# Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 6, 2021

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

## US Slaughter

485,000 Wednesday  
315,000 Year Ago

## Daily Prices

WCB \$121.21  
National \$104.93  
Nat'l Cutout Adj \$104.93  
Daily Cutout \$111.91  
Signature 4 \$228.57  
BP4/TCP4 \$228.57  
HyLife Cash \$243.58  
HyLife Cutout \$243.58

**BoC Rate (Noon) prev. day**  
\$1.2272 CAD / \$0.8149 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.** Daily US cash markets continue to climb with all regions making gains over the previous day. At \$121.21 USD/cwt., the WCB region is the clear leader as packers compete more aggressively for uncommitted hogs while demand remains strong on the 'meat side'. There are ideas that the restaurant and foodservice sectors are actively preparing for full post-pandemic reopening and further that competition for the consumer's dollar will be fierce when fully operational. While the WCB is still making impressive daily (and weekly) gains, formula regions are softening somewhat. It doesn't likely speak to a broad trend reversal yet, but the net result is a spread relationship between the WCB and National regions favoring the WCB at record levels. While 2014 had more instances where the WCB outperformed National (so far), the top two largest spreads have surfaced in the past two weekly reporting periods and a new record will likely be made this week when base prices are calculated later today. The daily spread is \$16.28 in favour of the WCB today and the highest ever on record. As the WCB typically leads pricing trends (lower or higher), its trajectory and the spread relationship between it and the National will be closely watched. Lean hog futures shrugged off the weekly Export Sales report this morning and are consolidating at present levels, albeit, amid the highs. Physical deliveries were sharply lower than previous week (36.9%), but the 37,059 MT is roughly trendline comparing all weeks to the beginning of 2021 and 48.8% higher than the five-year average which is to say delivered product volume remains robust. New net sales (future commitments) were likewise strong and came in at the highest level in five weeks and the fourth highest since the beginning of the year. Mexico was in the number one position committing to 19,400 MT while China came in second with 15,000 MT. China is still buying, but not at the higher levels seen previously and while ASF continues to be a large problem for the country, buying from the region has not been consistent.

**US soymeal futures opened higher this morning.** The front-month US soybean futures contract is making a run at \$16.00 USD/bu. and all contracts are trading higher which appears to be a function of supply concerns more so than any demand story. New net sales and physical deliveries of beans to China have plateaued and this morning's Export Sales report isn't particularly 'bullish' either. Physical deliveries of beans came in at the lower end of the range for the marketing week (264,055 MT) while new net sales were also at the lower end of the range at 165,259 MT. Exports remains 'seasonal' for now.

**US corn futures opened higher this morning.** Physical shipments of US corn came in at the second highest level on record and only 4,309 MT lower than the record made in March of this year. The 2.159 MMT reported for week ending April 29 is 70.7% higher than the five-year average with China taking 698,100 MT or 31.8% of the total weekly volume. New net sales were meagre and at the lowest level for the reporting period coming in at 137.375 MT.

Forward Range  
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Maple Leaf  
Sig 4

234.10  
242.12

237.73  
240.77

226.14  
237.62

195.20  
203.87

190.36  
194.70

175.95  
185.27

174.44  
177.90

169.60  
180.50

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STRENGTH IN NUMBERS

