

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, May 10, 2021

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

US Slaughter

2.408 mil. Last Week
1.804 mil. Year Ago

Daily Prices

WCB	\$120.69
National	\$105.81
Nat'l Cutout Adj	\$105.81
Daily Cutout	\$113.79
Signature 4	\$228.31
BP4/TCP4	\$228.31
HyLife Cash	\$243.33
HyLife Cutout	\$243.33

BoC Rate (Noon) prev. day
\$1.2156 CAD / \$0.8226 USD

Cash Prices Week Ending

May 8, 2021

Signature 4	228.39/103.60
h@ms Cash	226.39/102.69
HyLife Cash	243.17/110.30
HyLife Cutout	243.17/110.30
BP4/TCP4	230.12/104.38
OlyWest 2020	237.60/107.77
OlyWest 2021 (Cutout)	237.70/107.82
ISO Weans	\$48.94 US Avg.
Feeder Pigs	\$80.81 US Avg.

Forward contract prices opened lower this morning. Daily US cash markets are mixed to start the week with the negotiated WCB \$1.22 USD/cwt lower while National formulas are up by a quarter relative to the previous day. Daily variability in pricing has been a feature of the cash markets for months but the trend remains decisively higher in all regions. Market watchers will be looking for clues on a trend reversal but so far, the consensus is that the seasonal tightening of supply will keep bids higher in the near term. Demand remains strong and packers will be motivated to keep production schedules full with the net result being more competition for uncommitted hogs in the negotiated markets. Weekly slaughter was estimated at 2.408 million head last week, 3.3% higher than 2019 levels and 4.6% higher than the three-year average (not including 2020), but 0.7% lower than week ago. Slaughter levels typically see some softness heading into the summer by about 1% week over week until the beginning of June where processing remains 'lower' until picking back up again in August. Cash markets could remain elevated under this scenario, but further upside is also possible and the degree of a seasonal autumn turn around is also very much under question at this time. Live hog futures on the Dalian Commodity Exchange in China turned lower in the most recent session as producers pull hogs forward for slaughter while the country continues to battle ASF outbreaks. However, once those hogs have been sent to market, there will likely be more competition later as production flows become disrupted. Many commentators are generally bullish on China as a result, and further demand from the region is quite likely all things considered, but Chinese buyers have been much more disciplined than first thought and not entirely consistent with US pork despite purchasing at record levels in 2020.

US soymeal futures opened mixed this morning. Weather concerns in the US are providing underlying support as important growing areas remain very dry and under drought conditions. While export demand remains seasonal for now, overall demand remains good and export outlooks are likewise supportive. A tightening balance sheet is expected in the May WASDE report that will be released on Wednesday.

US corn futures opened lower this morning. Dryness in both hemispheres is providing ongoing support to US corn futures that are trading at their highest levels in over eight years despite showing some softness in the present session. Brazil's second (Safrinha) crop is under some stress as dry weather and hot temperatures add stress and question final production estimates. The US remains too dry for now as well with very little rain in the forecast. Exports remain quite good with the second largest volume of corn shipped on record for the reporting period last week.

Forward Range
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Maple Leaf
Sig 4

230.71
235.87

233.50
236.53

221.38
232.77

193.66
202.25

188.79
193.09

176.65
185.89

175.15
178.59

170.88
181.65

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STRENGTH IN NUMBERS

