

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 13, 2021

For details call: (204)235-2237 or visit
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US Slaughter

480,000 Wednesday
385,000 Year Ago

Daily Prices

WCB \$119.79
National \$107.47
Nat'l Cutout Adj \$107.47
Daily Cutout \$114.11

Signature 4 \$230.74
BP4/TCP4 \$230.74
HyLife Cash \$245.04
HyLife Cutout \$245.04

BoC Rate (Noon) prev. day
\$1.2096 CAD / \$0.8267 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 with the negotiated WCB region pulling back \$2.51 USD/cwt relative to the previous day while the National regions inched higher by two cents. Despite the pull-back in the WCB, the trend remains higher and when reference base prices are calculated later today for week ending May 15, values will be higher than week ago as they also will be in the formula regions. The May WASDE report released yesterday estimated domestic (US) pork production to be 28.236 billion lb, and up from year ago; in 2022, production is projected to increase 1.1% over 2021. Per capita consumption is expected to come in at 51.1 lb which is lower than year ago but increase slightly in 2022 to 51.5 lb per capita. The 2021 and 2022 estimates are lower than the high-water consumption estimates that peaked most recently above 52 lb per capita seen in 2019. This morning's Export Sales report showed physical deliveries remain essentially trendline with the beginning of the year coming in at 41,865 MT for the reporting period. Mexico was the number one destination (as they have been for weeks) taking 14,200 MT while China took delivery of a respectable 12,300 MT. New net sales were somewhat disappointing all things considered with 14,745 MT representing a 69.4% reduction from the previous week, 16.3% lower than the five-year average (excluding 2020), and the lowest new net sales number showing up on the report so far this year (excluding marketing week 15 which revealed a net negative number). Lean hog futures gapped lower at the open but are 'settling down' and have essentially levelled off as of this writing. Futures values still remain amid the highs despite showing some softness over the past five sessions. Some market watchers have been calling for a correction for weeks, and also to watch exports for signs of when that correction may be triggered, but it will likely take subsequent 'disappointing' export reports to usher in any real trend reversal. Fundamental outlooks provide not rationale for a major move in any direction at this time.

US soymeal futures opened lower this morning. Yesterday's WASDE report showed the USDA estimates old crop bean ending stocks at 120 million bu. a number that has been unchanged in the past few reports. New crop carryout is estimated at 140 million bu., down slightly from the USDA's 145 million bu. outlook but up from the average 138 million bu. average carryout coming from analysts ahead of the report. The number is higher than expectations, but not 'bearish' per se as 140 million bu. is not a large ending stocks number, relatively speaking. Exports, both physical deliveries and new net sales, remain trendline with other years and at the lower end of the ranges.

US corn futures opened lower this morning. Like beans, US corn carryout was considered neutral for old crop, and 'bearish' for new crop. Carryout for the 2020/21 marketing year came in at 1.257 billion bu. against a 1.275 billion bu. pre-report average estimate. New crop is pegged at 1.507 billion bu. compared to the 1.344 billion bu. pre report estimate. For exports, China cancelled old crop volume but more than made up for it with new crop commitments that pushed new marketing year (NMY) net sales over 2.0 billion bu., the first time a NMY volume has been over 2 billion this year, and a bit earlier than normal. Typically, large NMY volumes don't materialize until about August.

Forward Range
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Maple Leaf
Sig 4

229.50
234.67

229.64
232.65

217.75
229.16

191.25
199.87

186.38
190.69

173.47
182.72

171.96
175.40

167.09
177.84

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