

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, May 17, 2021

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

US Slaughter

2.395 mil.	Last Week
2.134 mil.	Year Ago

Daily Prices

WCB	\$117.53
National	\$109.71
Nat'l Cutout Adj	\$109.71
Daily Cutout	\$115.70
Signature 4	\$233.93
BP4/TCP4	\$233.93
HyLife Cash	\$249.27
HyLife Cutout	\$249.27

BoC Rate (Noon) prev. day
\$1.2109 CAD / \$0.8258 USD

Cash Prices Week Ending

May 15, 2021

Signature 4	230.41/104.51
h@ms Cash	228.41/103.61
HyLife Cash	246.06/111.61
HyLife Cutout	246.06/111.61
BP4/TCP4	228.39/103.60
OlyWest 2020	241.20/109.41
OlyWest 2021 (Cutout)	240.10/108.91

ISO Weans \$45.63 US Avg.

Feeder Pigs \$87.85 US Avg.

Forward contract prices opened lower this morning. Daily US cash prices are higher to start the week, but an interesting development is taking place in the WCB region that bears attention. For the past two daily reporting days, the WCB has come off the weekly highs reached last week and is 'settling in' at present levels. The seasonal tightening of supplies is currently underway (last week's slaughter came in 0.5% lower than the week prior) and reduced supplies due to Covid-19 plant disruptions are still present. Packers are still aggressively working to refill pipelines ahead of what is anticipated to be a high demand period following loosening restrictions. When the US economy fully opens back up, consumers will be flush with cash from government stimulus programs, not to mention a high savings level as people had no where to spend money during tighter restriction periods. Demand from all channels remains high and the net value of the pork cutout eclipsed both 2014 and 2020 levels last week. So why has the negotiated market softened? Has the cash market reached a top? Two soft days in the ever-volatile negotiated market does not make a trend, and the WCB could once again turn sharply upward, but the remaining reporting days for the weekly price determination period will be closely watched. National-based prices continue to make incremental gains suggesting a firm cash top is not yet in place. Lean hog futures are mixed to start the week with the nearby contracts showing some moderate strength while the deferred contracts are modestly trading lower. Like cash, futures markets are off the previous highs, but also like cash, the futures are not showing signs of a significant trend reversal. For now, high prices are called for in the medium term especially with ongoing supply issues and demand at present levels.

US soybean futures opened higher this morning. US soybean futures are heading back upward once again but have yet to make up for the losses that developed following the 'bearish' WASDE report released last Wednesday. The WASDE report was not bearish per se, and tight ending stocks are still a feature of the market. But numbers were higher than expectations and managed money profit taking is thought to be at the heart of the weakness seen last week. That is not to say prices are going to go lower anytime soon, however, as the features of the market that elevated prices to current levels (production concerns and ongoing demand expectations) are still very much present.

US corn futures opened higher this morning. The sell-off in the corn market seen in the previous two sessions has ended for now and like beans, the trade is heading but upward once again. The story is much the same for beans as it is in corn, but the 'bearish' WASDE report was followed up by news of old crop export cancellations by China which prompted profit taking. China did commit to a significant volume of new crop corn, however, and expectations are for demand from the region to be stronger than normal. US Weather concerns and production issues in south America are keeping the downside in check.

Forward Range
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Maple Leaf
Sig 4

226.38
230.24

226.44
229.44

215.39
226.76

188.00
196.58

183.73
188.03

172.22
181.47

170.72
174.16

165.37
176.12

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

follow us @hamsmarketing


Some Important Phone Numbers

Main Office: 204-233-4991

Toll Free: 1-800-899-7675

Logistics: 204-235-2225

Risk Management: 204-235-2237

STRENGTH IN NUMBERS

