

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 18, 2021

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

## US Slaughter

478,000	Monday
395,000	Year Ago

## Daily Prices

WCB	\$117.44
National	\$109.29
Nat'l Cutout Adj	\$109.24
Daily Cutout	\$116.57
Signature 4	\$234.25
BP4/TCP4	\$234.25
HyLife Cash	\$249.34
HyLife Cutout	\$249.34

**BoC Rate (Noon) prev. day**  
\$1.2081 CAD / \$0.8277 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 markets are mixed with the negotiated WCB region down \$0.09 USD/cwt, still maintaining value at the \$117 level, but off the \$120.18 weekly average high seen last week. There are two reporting days left in the price determination period, but it will take notable gains on Wednesday and Thursday to lift the weekly WCB average beyond \$120 for week ending May 22. It's still too early to call a cash market 'top', however. The National-based regions (both traditional and cutout variants) continue to make incremental gains and are higher by \$0.45 and \$0.40 for the National and National cutout-adjusted regions, respectively. National-based prices determine weekly base prices in Western Canada for the most part and so far, no sustained weakness has developed for those regions. Cutout values compiled by the USDA continue to see gains except for the brief retraction seen in marketing week 17. Since then, the net primal values have recovered and are now at the highest levels for this marketing week. The trend in the value of the cutout has been decisively higher as a trend since the beginning of the year. While the WCB may be revealing some interesting developments, prices in the regions responsible for establishing Canadian values are not wavering today. Exceptional demand in the US domestic market is largely responsible for the strength as pork processors refocus on shifting 'back' toward the foodservice sector in anticipation of strong demand in the short-to-mid-terms especially once businesses are opened up en masse following the period of extended restrictions. Covid-19 plant disruptions that caused less animals to be put into production are prompting packers to bid more aggressively to secure the tight supplies as demand from meat buyers remains strong. Lean hog futures are seeing some strength but have not yet recovered from the losses seen last week when a notable correction materialized. Nevertheless, values remain amid record high levels out to the end of the year. A shift is occurring though; remaining 2021 contracts are ~38% higher than the five-year cash average while the 2022 contracts are 24% higher than the benchmark. High, to be sure, but the difference between 2021 and 2022 contract premiums is notable.

**US soybean futures opened higher this morning.** Strength is returning to the US soybean market where talk that the long liquidation on Thursday that followed the 'bearish' WASDE report is over for now. The fundamentals have not changed though, and the weather will be closely watched for clues on direction. Planting is progressing rapidly with 61% of the crop planted as of last Sunday. This compares to 51% last year and a 37% five-year average. Most growing regions really need rain to get the crop off to a good start, however.

**US corn futures opened higher this morning.** Like beans, the US corn crop planting pace is advancing swiftly with 80% of intentions planted as of Sunday. This beats last years rapid pace by 2% and is 12% faster than the five-year average planting pace. Emergence is good too, coming in at 41% compared to a 35% five-year average. But also like beans, rain is needed in order for maximum production to be realized and many growing areas are too dry and in drought conditions today.

Forward Range  
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Maple Leaf  
Sig 4

225.02  
228.87

225.81  
228.60

215.11  
226.46

187.64  
195.98

182.97  
187.04

170.34  
179.33

169.06  
172.27

163.34  
174.26

176.61  
176.61

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

