

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, May 20, 2021

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

US Slaughter

477,000 Wednesday
400,000 Year Ago

Daily Prices

WCB	\$116.02
National	\$107.43
Nat'l Cutout Adj	\$107.38
Daily Cutout	\$118.01
Signature 4	\$230.62
BP4/TCP4	\$230.62
HyLife Cash	\$243.92
HyLife Cutout	\$243.92

BoC Rate (Noon) prev. day
\$1.2100 CAD / \$0.8264 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. US cash markets are lower with the negotiated WCB region down \$0.59 USD/cwt while the National and National cutout-adjusted references were weaker by \$1.02 and \$1.07, respectively, relative to the previous day. The WCB has been lower for four out of the five reporting days in the weekly price determination period and when the weekly base is calculated later today, it will be the first time the region has been lower than its previous week for the first time this year and the largest one-week drop since December 2020. One data point does not indicate a trend, but it will be interesting to see if the region finds some footing next week or if the softness continues. Unlike the WCB, the National-based regions will be higher than week ago in USD/cwt so no 'top' can be called for now. Domestic demand remains robust, and the net value of the cutout continues to make incremental week-over-week gains. Export demand, while still good relative to history, may be softening somewhat despite ongoing, positive outlooks for the 2021 marketing year. Physical deliveries for week ending May 13 are up ~60% compared to the five-year average, but down 17% from the previous reporting period and the lowest volume since the first marketing week of the year. The 35,854 MT reported, however, would still be considered maintaining the 2021 trend which is only 2% off the 2020 pace so far. Outstanding sales for the current marketing year (undelivered commitments) continue to be drawn down (as they have been since mid-March) while new net sales commitments are unable to keep up with the pace of weekly physical deliveries. New net sales came in at 18,970 MT which was a 28% increase over the previous reporting period, but last week's numbers were the lowest for the marketing year and this week's volume is unremarkable from a historical perspective. New commitment volume net all regions is 13% lower, year-to-date, compared to the 2020 pace. Lean hog futures have shrugged off this morning's report, however, and are trading higher for the third session in a row after seeing some profit taking in the week prior. The fundamentals have not changed, and futures are defining a new range.

US soymeal futures opened higher this morning. This morning's Export Sales report revealed physical deliveries to be within the historical trend for this marketing week and at the lower end of the range which was 14% lower than the five-year average. New net sales were also modest, coming in 67% lower than the five-year average and at 84,193MT, it was the lowest for the marketing year except for one reporting period where cancellations offset new commitments. This is not necessarily bearish news, however, and the futures are holding present value on fundamental outlooks that have not substantially changed.

US corn futures opened higher this morning. Physical deliveries of US corn for export continue to remain robust with another 2,239 MMT shipped during the reporting period. New net sales volumes were very interesting as well; while China did cancel old crop commitments, 3.7 MMT in new crop commitments were made pushing new marketing year (NMY) net sales over 4.06 MMT and the second highest volume for the reporting period on record. A volume this large is also appearing a bit early. Typically, larger NMY commitments don't materialize until the closer to the end of the marketing year in the summer.

Forward Range
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Maple Leaf
Sig 4

228.77
232.63

229.40
232.19

218.70
230.05

188.84
197.19

184.09
188.15

170.38
179.38

169.10
172.31

163.97
174.95

177.32
177.32

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STRENGTH IN NUMBERS

