

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, May 25, 2021

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

US Slaughter

482,000 Tuesday
2,000 Year Ago

Daily Prices

WCB \$113.66
National \$109.69
Nat'l Cutout Adj \$109.99
Daily Cutout \$122.21
Signature 4 \$234.84
BP4/TCP4 \$234.84
HyLife Cash \$247.03
HyLife Cutout \$250.06

BoC Rate (Noon) prev. day
\$1.2061 CAD / \$0.8291 USD

Cash Prices Week Ending

May 22, 2021

Signature 4 232.32/105.38
h@ms Cash 230.32/104.47
HyLife Cash 246.43/111.78
HyLife Cutout 246.43/111.78
BP4/TCP4 230.41/104.51
OlyWest 2020 242.50/110.00
OlyWest 2021 (Cutout) 242.50/110.00

ISO Weans \$46.15 US Avg.

Feeder Pigs \$79.78 US Avg.

Forward contract prices opened higher this morning. Daily US cash prices are higher to start the week relative to the last reporting period on Friday. US markets were open on Monday, May 24, but closed in Canada due to the Victoria Day long weekend. The negotiated WCB region continues to see relative softness and at \$113.66 USD/cwt, it is \$6.52 off the weekly high seen two weeks ago. The weekly base price for the WCB in week ending May 22 was likewise lower than the \$120.18 high (so far) and the start to this week's reference period appears to be settling in at present levels. National-based formula regions, however, continue to see upward momentum, daily variability notwithstanding. Even though the WCB is backing off a bit, regions used in Western Canadian price discovery are still in an upward sloping pattern and a definitive 'top' has not yet been reached. Weekly slaughter continues to see a seasonal tightening of supply but was lower by only less than one tenth of 1% relative to the previous week. The 2.393 million head processed last week was 5.5% higher than the three-year average and 3.6% higher than 2019 (2020 is not used due to the massive disruption that has skewed numbers in this timeframe). At \$118.14, the weekly average of the net value of the cutout was the highest for marketing week 20 on record and starts the week off at \$122.21 maintaining the current upward trend. While ribs do not make up a large component of the net value of the carcass (about 5%), the \$285.93 average price last week and the \$298.04 daily value on Monday is stratospheric and bears mentioning. Demand remains strong, in other words, and prices will likely continue to be supported until a fully opened US economy reveals what consumer demand will look like in a post-Covid-19 marketing environment. Lean hog futures are mixed to start the week but have almost made up for the losses seen two weeks ago when managed money exits pressured the trade. New highs have not yet been put into place and the trade will struggle to make new highs especially if exports soften or the cutout shows some signs of weaken, but strength from all demand channels and a tight supply remains features of the current market outlook.

US soymeal futures opened lower this morning. Planting continues to progress at a rapid pace across the US as the dry weather has allowed farmers to get on fields and seed aggressively. Soybean planting is now estimated at 75% complete marking a 14% increase over week ago. The five-year average for this week is 54%. Despite this rapidity, weather remains a concern and while some areas did get moisture over the weekend, timely rain will be needed so crop development doesn't get 'too far behind'.

US corn futures opened lower this morning. Like beans, US corn planting is progressing rapidly at with another 10% planted as of Sunday, May 23. The 90% planted estimate is also 10% higher than the five-year average pace. There is talk that soybean acres could be 'pulled into' corn due to the pricing relationship and general high prices, but that very much remains to be seen

Forward Range
(at opening)

Jun

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Maple Leaf
Sig 4

238.55

236.20
241.73

228.03
239.37

193.86
202.21

189.15
193.22

172.78
181.77

171.50
174.71

164.66
175.57

177.92
177.92

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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

