

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, May 28, 2021

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

US Slaughter

481,000	Thursday
429,000	Year Ago

Daily Prices

WCB	\$110.91
National	\$110.00
Nat'l Cutout Adj	\$113.73
Daily Cutout	\$126.37

Signature 4	\$235.74
BP4/TCP4	\$235.74
HyLife Cash	\$251.11
HyLife Cutout	\$259.62

BoC Rate (Noon) prev. day
\$1.2073 CAD / \$0.8283 USD

Cash Prices Week Ending

May 29, 2021

Signature 4	233.70/106.01
h@ms Cash	231.70/105.10
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	232.32/105.38
OlyWest 2020	242.30/109.91
OlyWest 2021 (Cutout)	245.40/111.31

ISO Weans \$46.15 US Avg.

Feeder Pigs \$79.78 US Avg.

Forward contract prices opened higher this morning. Daily US cash markets are mixed on the last trading day of the week. The negotiated WCB region continues to trend lower while the National-based formula regions are steadily and incrementally moving higher. Weekly base prices for week ending May 29 are mirroring the daily patterns with the WCB lower for the second consecutive week (by \$3.88 USD/cwt this week) narrowing the WCB/National price spread to \$1.50 in favour of the WCB as National continues to see steady gains. The weekly National base is \$0.71 higher than previous week, while the cutout-adjusted variant saw the third largest weekly gain this year at \$4.29. A cash 'top' for formula prices has not yet been reached as demand remains exceptionally strong. Despite some daily variability in the individual primals, net cutout values continue to climb. The daily value of the cutout is presently at \$126.37 and only \$9.74 lower than the weekly high that was reached in July of 2014. There is talk that seasonal demand softness may return, especially for the grilling meats, following the next couple US 'long weekend' holidays and the summer grilling period more broadly. But ideas that the restaurant and foodservice sectors are aggressively securing supplies ahead of what is expected to be a very competitive 'space' is providing ongoing support. Recall that before the shutdowns, most Americans ate away from home since about 2011, a trend that had been developing since the 1960s. There are ideas that restaurants in particular will be vying to re-capture lost Covid-19 consumer dollars and attempt to win customers back with aggressive specials. Lean hog futures gapped higher at the open and the July contract locked limit up in the early morning session. While the technical picture indicates an overbought condition and the fundamentals remain relatively unchanged, there is talk futures are still a bit underpriced (especially in Q4) at these levels. Strong demand from all channels continues to be a feature of the market and combined with a tight supply situation that could persist into 2022, futures continue to be optimistic.

US soymeal futures opened mixed this morning. US soybean futures are backing off to finish the week after some support returned to the trade in the previous session. Soybean futures have seen a steady 'correction' since the WASDE report was released on May 12 and there is talk managed money continues to liquidate positions especially as the US weather forecast improves, northern regions remaining to dry, notwithstanding. Demand for beans is seasonal for now but the US balance sheet remains very tight.

US corn futures opened lower this morning. The weather outlooks remain neutral for now, which is a lot better than previously when drought conditions were reported in many important growing areas. To be clear, many areas remain much too dry and are still in a drought. But some rain has helped with emergence and more rain will be necessary in the near term. For now, next week's forecast remains relatively unthreatening (regional issues duly noted).

Forward Range (at opening)	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig 4	245.67	243.32 248.14	236.14 247.50	196.99 205.35	192.84 196.92	174.29 183.32	173.00 176.22	165.33 176.25	178.61 178.61

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h@ms Marketing Services Forward Contracting will be closed

Monday, May 31 for Memorial Day in the USA. US markets are closed.

Forward contracting will be suspended and the HMO and Opening Price information will not be published. Normal business resumes on Tuesday, June 1.