

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 30, 2021

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

US Slaughter	
461,000	Tuesday
472,000	Year Ago
Daily Prices	
WCB	\$113.06
National	\$107.70
Nat'l Cutout Adj	\$107.70
Daily Cutout	\$114.22
Signature 4	\$236.74
BP4/TCP4	\$236.74
HyLife Cash	\$250.41
HyLife Cutout	\$250.41
BoC Rate (Noon) prev. day \$1.2384 CAD / \$0.8075 USD	
Cash Prices Week Ending	
June 26, 2021	
Signature 4	250.38/113.57
h@ms Cash	248.38/112.66
HyLife Cash	262.85/119.23
HyLife Cutout	257.32/116.72
BP4/TCP4	253.87/115.15
OlyWest 2020	267.60/121.38
OlyWest 2021 (Cutout)	264.70/120.07
ISO Weans \$44.97 US Avg.	
Feeder Pigs \$67.36 US Avg.	

Forward contract prices opened mixed this morning. Daily US cash prices are lower mid-week with all reporting regions lower than the previous day. Tomorrow, the Canadian markets will be closed for Canada Day. US cash markets are in a downward trend that started to materialize approximately two-weeks ago. There are ideas that the upcoming Independence Day holiday (USA, July 5 holiday day as July 4 falls on a Sunday) is adding some near-term pressure to the pork cutout as packers attempt to manage production schedules over the disruptions. Regardless, primal values, while exhibiting daily volatility, have more or less trended downward since the middle of June. The last long weekend of the summer grilling season will take place this weekend and even though 2020/2021 have been anything but normal marketing years, there are still ideas that features of typical seasonality will hold. Post-pandemic, pent-up demand is still being discussed, however, and while there may be an element of seasonality that influences cash markets, almost no one thinks that markets will head drastically lower. In fact, stronger than average prices are being forecast by the University of Illinois and others for the remainder of the year heading into 2022 where sustained demand outlooks (re-opening) and lower live supplies will remain supportive. Lean hog futures are consolidating at present levels after witnessing a sell-off last week that saw three sessions move limit down out of five (nearby contract). The market has generally priced in the outlooks for now and with the supply side numbers more defined after the quarterly Hogs and Pigs report last week, demand signals will likely be influential in the short term. In any event, futures values remain amid historical highs even if the loftier June 9 values seem a bit out of reach today. While Canadian markets are closed on Thursday, the weekly Export Sales report will still be released in the USA. All eyes will be on the China and Mexico numbers; Mexico has recently 'made up' for the relative softness in China's new commitments.

US soymeal futures opened lower this morning. Quarterly stocks (June 1) and June acreage reports are being released today. Stocks of beans on June 1 are expected to come in at 787 million bu. on average against 1.381 billion last year and a range that spans 696 million to 952 million bu. Analysts' estimates ahead of the acreage report peg bean acreage at 88.955 million acres compared to the 87.6 million acres in March, but there are some that still think ~89 million acres are too low and the upper end of the range surpasses 90 million acres.

US corn futures opened lower this morning. US corn acreage is expected to come in at 93.787 million acres on average with a 92.0 million to 95.4 million acre range depending on the analyst. Almost everyone agrees that corn acreage will be increased relative to initial intentions and may even pull acres out of beans. Quarterly stocks are estimated at 4.144 billion bu. ahead of the June 1 stocks report also released today which would be a reduction compared to 2020's 5.003 billion bu for the same time last year.

Forward Range (at opening)	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	221.14	208.40 220.04	183.93 192.50	179.07 183.25	166.60 175.60	165.06 168.36	162.21 175.14	176.68 178.66	175.07 178.37

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Hams Marketing Services will be closed Thurs., July 1 (Canada Day) but re-opening on Fri., July 2. Risk Management will be closed on Mon., July 5 as Independence Day (USA) falls on a Sunday this year, but the main office will be open. Forward contracting, the HMO, and the morning price reports will be suspended on the noted holiday days.

