

Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 1, 2021

For details call: (204)235-2237 or visit
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US Slaughter

N/A	Monday
N/A	Year Ago

Daily Prices

WCB	\$111.71
National	\$111.11
Nat'l Cutout Adj	\$113.93
Daily Cutout	\$126.59

Signature 4	\$238.09
BP4/TCP4	\$238.09
HyLife Cash	\$253.14
HyLife Cutout	\$259.56

BoC Rate (Noon) prev. day
\$1.2072 CAD / \$0.8284 USD

Cash Prices Week Ending

May 29, 2021

Signature 4	233.70/106.01
h@ms Cash	231.70/105.10
HyLife Cash	249.54/113.19
HyLife Cutout	255.47/115.88
BP4/TCP4	232.32/105.38
OlyWest 2020	242.30/109.91
OlyWest 2021 (Cutout)	245.40/111.31

ISO Weans \$44.93 US Avg.

Feeder Pigs \$80.13 US Avg.

Forward contract prices opened mixed this morning. Daily US cash markets are higher to start the holiday-shortened week following Memorial Day yesterday (USA). The negotiated WCB is up \$0.79 USD/cwt relative to Friday's daily value, but the daily price is still lower than last week's benchmark. The National region is up by \$1.11 and the National cutout-adjusted price is \$0.20 higher compared to Friday; National-based formula variants continue to see week-over-week gains. There are ideas that some of the demand for grilling meats may subside somewhat as grilling season progresses through the summer, and with Memorial Day in the rearview mirror, the next 'long weekend' will be July 4 (USA) which falls on a Sunday this year. But low freezer inventories and ideas that restaurant meat buyers are aggressively securing supplies to feed a yet-to-be-determined post-Covid-19 pent up demand situation are keeping support levels in place. Last week's average cutout was at the highest level for this marketing week including 2014 but not yet at the highest level ever which was reached in July of 2014. Market watchers are looking for signs of a 'top' which does not appear to be currently developing. Daily cutout values for this week are once again trending higher than the weekly net value of the primals. A seasonal decline in the availability of live supplies is present but only moderately so and last week's slaughter was 'only' six tenths of one percent lower than the previous week. Weekly slaughter is about 4% higher than 2019 levels. Labour issues continue to be a challenge for packers, but strong pork production is still being maintained. Lean hog futures were mixed at the open but are all trending higher as of this writing. New contract highs will be put into place if the trade maintains the current trajectory. Remaining 2021 contract offerings are presently 46% higher than cash averages which are compared to determine relative value. The 2022 contracts are 20% lower than 2021 values on average and the market is decidedly less bullish in the new year, but at 26% higher than the cash benchmarks, 2022 futures are still revealing exceptional value relative to history.

US soybean futures opened higher this morning. US soybean futures are up for the first trading day in June and the old adage that the new Month brings in new money is making the rounds. The futures have a way to go to make up for the losses that developed in the market two weeks ago, however. Weather remains a concern in terms of crop development, but the dryness is allowing for a rapid planting pace. The Crop Progress report is delayed until today (normally published on Mondays) due to Memorial Day observance yesterday.

US corn futures opened higher this morning. While the Crop Progress report will be delayed by one day, when it is published later today, US corn will likely be essentially planted. Last week's pace came in at 90% which is 10% higher than the five-year average. Like beans, crop development will be contingent on timely rain which will be critical this year due to drought conditions in many important growing areas.

Forward Range
(at opening)

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Maple Leaf
Sig 4

243.07
245.84

235.28
246.59

195.59
203.92

190.78
194.84

172.76
181.72

171.48
174.68

165.67
176.59

178.95
178.95

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