

# Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 7, 2021

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

US Slaughter	
1.975 mil.	Last Week
2.453 mil.	Year Ago
Daily Prices	
WCB	\$115.33
National	\$111.75
Nat'l Cutout Adj	\$119.25
Daily Cutout	\$133.29
Signature 4	\$239.69
BP4/TCP4	\$239.69
HyLife Cash	\$254.94
HyLife Cutout	\$272.05
<b>BoC Rate (Noon) prev. day</b> \$1.2084 CAD / \$0.8275 USD	
Cash Prices Week Ending	
June 5, 2021	
Signature 4	238.50/113.06
h@ms Cash	236.50/107.28
HyLife Cash	253.47/114.97
HyLife Cutout	265.11/120.25
BP4/TCP4	233.70/106.01
OlyWest 2020	245.90/111.54
OlyWest 2021 (Cutout)	254.90/115.62
ISO Weans \$45.19 US Avg.	
Feeder Pigs \$72.39 US Avg.	

**Forward contract prices opened higher this morning.** Daily US cash markets are higher to start the week as demand remains exceptionally strong. The negotiated WCB region appears to be resuming an upward tack after seeing two weeks of relative softness and it will be watched closely for clues on direction. All National variants continue to trend higher, daily variability notwithstanding. Weekly slaughter came in at 2.453 million head which was 3.2% higher than the previous week and bolstered by a large Saturday kill estimated at 196,000 head. It is tempting to attribute the large Saturday processing levels to the cyber-attack on JBS last week where some plants were completely shut down and where operations were impacted at others. JBS was expected to ramp up Saturday processing levels to meet demand requirements after disruption to operations earlier in the week. However, a large kill typically follows a holiday shortened week and the pattern is completely in line with the historical trend following Memorial Day; both 'factors' are likely behind the larger than typical Saturday kill last week. The weekly average value of the cutout continues to push higher and is now only \$5.73 USD/cwt from the all-time high which was reached in July of 2014. Ribs have seen a notable correction, and while the primal does not make up for a large component of the net value of the cutout (about 5%), it will be closely watched for 'tone' in grilling meat demand. Regardless, at \$286.46 last week (\$277.34 on the daily report) ribs still remain at highs that have completely obliterated previous records; \$199.03 was the previous record in May 2020 near the height of Covid-19 plant disruptions last year. Lean hog futures reached new highs at the open this morning as demand profiles from all channels is expected to remain intact. In terms of exports, China's relative 'weakness' is being watched closely and current marketing year commitments (year to date) are ~36% lower than year ago. High US prices, a lowering hog and pork price in China, and competition from the EU and Brazil are all factors - China is still buying pork, they just are not consistently buying in record quantities from the USA today. Mexico has made up for some of the shortfall, however, and accumulated net exports to all regions is 1.2% higher than 2020 which was a record year.

**US soymeal futures opened higher this morning.** Hot weather over the weekend, warmer than average temperatures forecast for the next couple weeks, and talk that Brazil could be 'out of beans' by August is providing support to the soybean complex. The market has not yet recovered to the previous highs, but the nearby contract is making a move at the \$16.00 USD/bu. level once again. Brazil production is expected to be lowered once again in the June WASDE report that will be published later this week.

**US corn futures opened higher this morning.** Like beans, weather news is providing ongoing support to the trade but US corn exports remain exceptionally strong, comparatively speaking, as well. Also like beans, US corn futures are getting a boost on ideas that Brazil production will be curbed as a drought situation in the country continues to get worse. The June WASDE report released on Thursday will be closely watched.

Forward Range (at opening)	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Maple Leaf Sig 4	252.13 254.92	243.02 254.38	203.07 211.43	198.61 202.69	181.48 190.50	180.20 183.42	173.31 184.25	186.60 186.60

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

follow us @hamsmarketing  


**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

