

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 9, 2021

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

## US Slaughter

485,000 Tuesday  
 444,000 Year Ago

## Daily Prices

WCB	\$120.39
National	\$113.88
Nat'l Cutout Adj	\$121.38
Daily Cutout	\$134.94
Signature 4	\$244.53
BP4/TCP4	\$244.53
HyLife Cash	\$259.16
HyLife Cutout	\$276.23

**BoC Rate (Noon) prev. day**  
 \$1.2097 CAD / \$0.8267 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 mixed this morning.** Daily US cash markets are higher mid-week with the negotiated WCB region up \$4.86 USD/cwt and both National based markets ('traditional' and cutout-adjusted) making gains of \$0.70 relative to the previous day. The softness that developed in the previous three weeks in the WCB has completely reversed itself, and the daily value is now \$0.21 higher than the weekly base 'high' seen in marketing week 19. Demand remains robust and the value of the pork cutout continues to push incrementally higher. While the marketing dynamics in 2014 are different than present day, 2014 cutout values did reach all-time highs and the year is subsequently used as a comparison point, differences notwithstanding. In 2014, the weekly net value of the cutout reached \$136.11 in marketing week 29 (middle of July) - the daily value of the carcass is \$134.94 today. While earlier talk regarding trend sustainability surfaced earlier in the year, there is almost no one not considering the possibility that 2014 cutout levels could be eclipsed this year. Lean hog futures, on the other hand, have a bit more to climb before reaching 2014 levels. The summer contracts are approximately \$12, \$13, and \$14 away for June, July, and August, respectively; October needs \$21 while December is about \$17 off. Reaching 2014 levels in the futures is a bit loftier however and the extent to which this market has another \$15 in it (on average) very much remains to be seen. That is not to say it is impossible but there is more talk about market 'tops' presently than about how much more value will be extracted from new rallies. One factor to keep an eye on is the weekly Export Sales report that is released Thursdays. China purchases, especially new commitments, have been less than previous expectations and volumes to the region are currently trending below 2020 levels. Mexico has essentially made up for China's 'absence', and pork exports remains strong when considering volumes net all global partners, but if China enters the US markets with more vigor, futures will likely respond accordingly. Consistency will be key, however.

**US soymeal futures opened lower this morning.** The June WASDE report will be published mid-trade tomorrow and analysts' estimates heading into the report are to see slight increases relative to the May numbers on average. Old crop ending stocks are expected to increase to 122 million bu. from May's 120 million bu. New crop estimates suggest a 6 million bu. increase, from 140 million bu. in May to 146 million bu. for this report. Regardless, both years reflect a very tight balance sheet comparatively speaking and the weather will continue to be a factor which has been supportive so far.

**US corn futures opened lower this morning.** Ending stocks of US corn in the 2020/21 marketing year are expected to be lowered from 1.257 billion bu. in the May WASDE report to 1.207 billion bu. tomorrow. New crop estimates are likewise projected to be lowered, on average, from 1.507 billion bu. to 1.423 billion bu. in the June report. Exceptional export demand from China, that could see record import volumes, is in part a factor in the current marketing environment.

Forward Range  
(at opening)

Maple Leaf  
Sig 4

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

249.33  
252.12

240.22  
251.59

202.17  
210.53

197.24  
201.31

182.57  
191.56

181.28  
184.50

176.91  
187.87

190.23  
190.23

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

twitter

## 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

h@ms  
MARKETING SERVICES