

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 10, 2021

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

US Slaughter

485,000 Wednesday
448,000 Year Ago

Daily Prices

WCB \$123.32
National \$114.43
Nat'l Cutout Adj \$120.94
Daily Cutout \$134.38

Signature 4 \$245.66
BP4/TCP4 \$245.66
HyLife Cash \$260.92
HyLife Cutout \$275.78

BoC Rate (Noon) prev. day
\$1.2095 CAD / \$0.8268 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 prices are mixed with the negotiated WCB \$2.93 USD/cwt higher, National up \$0.55, and the National cutout-adjusted reference lower by \$0.44 relative to the previous day. The softness in the WCB that developed in the previous three weeks completely reversed course this week and new highs will be reached when prices are calculated later today for week ending June 12. National-based formula regions continue to trend incrementally higher week-over week and while the cutout value pulled back yesterday, weekly base prices will once again be higher this week. The net value of the cutout is also trending higher, but ribs have made a notable turnaround and while the primal does not make up a large component of the value of the carcass (about 5%), the cut will be closely watched for clues regarding demand for grilling meats. A lot of export news has recently surfaced; monthly customs data for April was released on Tuesday which showed all pork products for export including all variety meats were down 8.4% relative to the previous month. It follows the trend seen in 2016, 2017, and 2020 but net volume is 32.9% higher than the three-year average (excluding 2020). All major markets were down relative to last month except for Mexico which showed a 1.8% increase compared to March. Relative to last year, Mexico, South Korea, and Canada more than made up for losses in Japan and China resulting in a 2.2% net increase in volumes year over year and a record large 269,920 MT for the month of April. The weekly Export Sales report, reflecting activity for the primal cuts and published today, was once again modest; physical deliveries and new net sales were 24.5% and 19.0% lower than week-ago, respectively. The market has taken the news in stride, however, as the monthly numbers were not overtly bearish per se (net increase compared to last year, after all) and the weekly numbers reflected a 'short' marketing week. China volume has been a bit disappointing recently, but China remains to be a very disciplined, strategic, and inconsistent buyer.

US soymeal futures opened lower this morning. Physical deliveries of US soybeans remain seasonal. Physical deliveries of US beans were slightly higher than in the previous reporting period but 21% lower than the five-year average. New net sales were a marketing year low, 12% lower than week-ago, and 9% lower than the five-year average. While 2021 has not been a normal marketing year for many commodities, beans have not yet bucked their seasonal trend which only sees new commitment activity pick up toward harvest.

US corn futures opened mixed this morning. Physical deliveries of US corn were once again robust, coming in at 1.646 MMT. While the volume is 23% lower than the previous week, it is still 51% higher than the five-year average and the highest volume for the marketing week going back to at least 2010. New net sales, however, came in at a marketing year low and 70% lower than the average benchmark. Like beans, new commitments of US corn do not typically ramp up until August, but this is not a typical marketing year.

Forward Range
(at opening)

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Maple Leaf
Sig 4

251.23
254.02

242.12
253.48

204.24
212.60

199.84
203.92

183.74
192.76

182.45
185.67

177.17
188.14

190.51
190.51

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