

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 18, 2021

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

US Slaughter

478,000	Thursday
465,000	Year Ago

Daily Prices

WCB	\$131.26
National	\$115.98
Nat'l Cutout Adj	\$115.95
Daily Cutout	\$124.83
Signature 4	\$254.06
BP4/TCP4	\$254.06
HyLife Cash	\$266.45
HyLife Cutout	\$266.45

BoC Rate (Noon) prev. day
\$1.2341 CAD / \$0.8103 USD

Cash Prices Week Ending

June 19, 2021

Signature 4	253.87/115.15
h@ms Cash	251.87/114.25
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	244.41/110.86
OlyWest 2020	264.10/119.79
OlyWest 2021 (Cutout)	271.50/123.15

ISO Weans \$44.33 US Avg.

Feeder Pigs \$70.64 US Avg.

Forward contract prices opened mixed this morning. Daily US cash markets are lower to finish the week, but 'lower' is a relative term and all reporting regions remain amid marketing week highs. Average price discovery base prices for week ending June 19 are higher in all regions relative to the previous week. The negotiated WCB increased sharply and is \$11.91 USD/cwt higher than week-ago, the second highest one-week gain on record. The region subsequently eclipsed the 'psychological' July 2014 all-time high by \$1.07. National-based formulas are also making new records for the marketing week but have not yet tested the 2014 levels further out. The extent to which the formula regions will be able to reach those benchmarks very much remains to be seen, however, as some weakness in the net value of the cutout this week has been hinting at softening demand. When the average weekly cutout value is published on Monday, it will likely reflect a pull-back from last week's high near 5%. Incidentally, ribs saw a massive one-week drop in the reporting period and will be over \$50 lower than the high put in four weeks ago. Lean hog futures are finding some footing after two days of weakness that saw the front month contracts lock limit low for two consecutive sessions. Recall that expanded limits are triggered following the initial daily limit. Pressure is coming from the lowering value of the cutout, low pig prices in China, and the absence of China on the weekly export sales report (while pork was physically delivered, no new net sales were reported and in fact a small cancellation was registered). The basic fundamentals have not drastically changed, however, and there is talk that the two-day sell off was a bit overdone. Domestic demand remains strong for now, the net cutout value is still at record levels, and exports are net higher than the 2020 record year in terms of volume. It will likely take a week or two to determine if a 'top' has been put in place; futures did recover from the corrections seen in April and May.

US soybean futures opened higher this morning. A very large one-day drop in the value of US soybean futures made the rounds yesterday. Despite some differences between the two weather models, the market generally accepts the idea that weather will improve in many growing areas. Soy oil weakness added to the pressure as did weakness in energy markets and a stronger USD that will make exports relatively less competitive. Markets are recovering somewhat this morning but are currently trading at values last seen in April.

US corn futures opened higher this morning. Like beans, US corn futures are making up for the losses seen in yesterday's session but have not yet made up for the large one-day losses. Improved weather outlooks according to some models with some moisture and cooler temperatures forecast would be beneficial to some crop areas experiencing difficulty with emergence. The stronger USD is also a factor and even though exports are at record levels, sustained strength in the USD would impact global export competitiveness.

Forward Range
(at opening)

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	231.67 232.12	221.80 233.48	189.02 197.62	184.22 188.41	169.00 178.04	167.46 170.77	163.48 174.48	176.02 178.00	171.62 174.92

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STRENGTH IN NUMBERS

