

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 21, 2021

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

US Slaughter

2.443 mil.	Last Week
2.593 mil.	Year Ago

Daily Prices

WCB	\$133.94
National	\$115.28
Nat'l Cutout Adj	\$115.17
Daily Cutout	\$120.65
Signature 4	\$254.12
BP4/TCP4	\$254.12
HyLife Cash	\$267.92
HyLife Cutout	\$267.92

BoC Rate (Noon) prev. day
\$1.2419 CAD / \$0.8052 USD

Cash Prices Week Ending

June 19, 2021

Signature 4	253.87/115.15
h@ms Cash	251.87/114.25
HyLife Cash	268.73/121.90
HyLife Cutout	268.73/121.90
BP4/TCP4	244.41/110.86
OlyWest 2020	264.10/119.79
OlyWest 2021 (Cutout)	271.50/123.15

ISO Weans \$44.69 US Avg.

Feeder Pigs \$72.36 US Avg.

Forward contract prices opened lower this morning. Daily US cash prices are mixed to start the first trading day of the summer. Uncommitted hogs in the WCB region continue to push higher and are up \$2.68 USD/cwt relative to the previous day. National based formula regions are lower with the traditional and cutout-adjusted variants down \$0.70 and \$0.78, respectively. While competition for hogs not on a formula continues to be robust, formula prices are appearing to react to the 'ongoing' softness in the value of the pork cutout. The weekly average cutout price for week ending June 18 came in \$10.69 lower than the previous reporting period and at ~8% lower, was the largest one-week drop going back to November 2020. The daily move today is lower relative to last week's average which is the first time that has happened since December 2020. A trend reversal has not yet been established and the primals continue to see daily variability meaning average prices for this marketing *could* turn out to be higher at the end of the reporting period. But ongoing weakness in some of the cuts will be difficult to overcome if, indeed, demand has backed-off from the previous pace. All weekly primals were down compared to week-ago and the daily values posted for Friday remain on the same tack except for bellies and hams that have seen a modest recovery over the weekly trend (as an aside, ribs are down sharply and are more that \$52 off the highs seen in marketing week 21). The value of the cutout will be closely watched for ongoing softness, and if it remains biasing lower, regional base pricing will likely price in ideas of softening demand and reveal a near term top. Lean hog futures are starting off the week sharply lower and if the levels hold until the close, it will be the fourth consecutive session of pressure; the August contract touched limit low in the early session but has lifted off the limit as of this writing. All contracts are presently valued lower than the 'low' seen during the last correction that materialized between May 17 and 19. The extent to which the current pressure is a function of corrective repositing or actually reflects a change in market sentiment remains to be seen, but there are many traders recently selling lean hogs which could be anything from aggressive hedging to managed money and 'the funds' meeting performance goals (with some forward-looking speculation on demand thrown in) and is likely a combination of it all.

US soymeal futures opened mixed this morning. The bean complex is mixed to start the week with the nearby contracts higher while the deferreds continue to see pressure. Recent rain in some important US growing areas has helped emergence but there is talk the eastern crops are currently faring better than the western ones. Some high winds and hail were reported over the weekend, but it was not a widespread event although localized damage is likely. The market is very much trading the weather, and all eyes will be on conditions when the crop progress report is released later today.

US corn futures opened mixed this morning. Like beans, US corn futures are mixed as the rain over the weekend provided some stress relief to areas in south-eastern Minnesota, Iowa, and Illinois. The trade appears to be consolidating at present levels which are valued near the last corrective action that took place in mid-May. Five consecutive sessions of pressure have been followed by two of support as demand remains strong and supplies relatively tight, historically speaking, and will likely keep sustained sell-off activity in check.

Forward Range
(at opening)

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	220.04 220.04	211.09 222.74	181.19 189.76	176.20 180.37	162.09 171.10	160.55 163.85	157.70 169.42	170.96 172.94	167.55 170.85

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STRENGTH IN NUMBERS

