

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 22, 2021

For details call: (204)235-2237 or visit  
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## US Slaughter

468,000	Monday
451,000	Year Ago

## Daily Prices

WCB	\$132.11
National	\$116.78
Nat'l Cutout Adj	\$116.73
Daily Cutout	\$120.76
Signature 4	\$256.56
BP4/TCP4	\$256.56
HyLife Cash	\$273.27
HyLife Cutout	\$273.27

**BoC Rate (Noon) prev. day**  
\$1.2377 CAD / \$0.8080 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 higher this morning.** Daily US cash prices are mixed with the negotiated WCB region showing some softness and coming in \$1.83 USD/cwt lower relative to the previous day. National and National cut-out-adjusted base prices are up \$1.50 and \$1.56 respectively. News making the rounds yesterday revealed the Smithfield plant in Tar Hell, North Carolina has been delisted for export by Mexico on a hide issue that saw an undisclosed third-party export hides to Mexico that originated at the plant. The expectation is that the delisting will not last long, but there will be some disruption to the flow of trade. The sheer size of the processing plant, the largest in the USA processing about 34,500 hogs a day (7% of the US total) will likely influence some price volatility and the ham primal will be watched closely as the issue is resolved. Although China surpassed Mexico as the number one destination for US pork by volume (a situation that is not expected to last in the longer term), Mexico continues to be a consistent, high volume, and important trading partner with the USA. While the net value of the pork cutout saw a modest \$0.11 gain yesterday, the weekly trend so far is for cutout values to come in lower than the previous week. The issue with Mexico could add further pressure this week especially as hams (making up approximately 25% of the value of the carcass) are a large export cut to the country. Lean hog futures are finding some footing after seeing eight 'down days' over the past nine sessions and pressure that developed on June 9. The recent moves have seen lean hog futures dip below the 'lows' seen during the May correction and will be watched closely. The 'sell-off' appears to be over for now, however, and it is important to remember that the fundamental picture has not substantially changed. The extent to which the market can recover to loftier levels remains to be seen but a softening cutout and a continued absence of China (relatively speaking) on the export report, will make it difficult for the market to rally swiftly or substantially even though upside potential remains. The weekly Export Sales report is normally published on Thursdays.

**US soymeal futures opened mixed this morning.** At 97% planted, the US soybean crop is essentially in the ground. Of the 91% presently emerged, 60% is considered in good/excellent condition compared to 70% last year. The rating represents a 2% drop relative to week ago as western growing regions remain much too dry. Rain is expected for the areas of the Midwest with Iowa, central Illinois and central Indiana forecast to see rain that could be 'heavy'.

**US corn futures opened lower this morning.** US corn saw a 3% drop in the good/excellent rating compared to last week bringing the average crop in that category down to 65%. Last year, 72% of US corn was considered to be good/excellent for this week. While the three 'I' states are expecting rain, Minnesota and the Dakotas are not expected to see moisture where arguably it is needed the most. For beans and corn, crop conditions in these states are also at the lowest end of the ratings.

Forward Range  
(at opening)

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Mar

Maple Leaf  
Sig 4

225.02  
225.02

214.48  
226.12

183.91  
192.47

179.12  
183.29

165.54  
174.55

164.00  
167.30

161.15  
172.62

174.16  
176.13

171.09  
174.38

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