

# Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, June 23, 2021

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

US Slaughter	
475,000	Tuesday
459,000	Year Ago
Daily Prices	
WCB	\$132.07
National	\$114.14
Nat'l Cutout Adj	\$114.01
Daily Cutout	\$107.83
Signature 4	\$250.33
BP4/TCP4	\$250.33
HyLife Cash	\$266.00
HyLife Cutout	\$266.00
<b>BoC Rate (Noon) prev. day</b> \$1.2356 CAD / \$0.8093 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 lower in all regions relative to the previous day. Despite the modest pull-back in the WCB region, the daily value is still higher than the previous week's base as well as higher than the July 2014 peak, but further gains appear to be limited today. The National and National cutout-adjusted regions were lower by \$2.64 and \$2.72, respectively. A large one-day drop in the net value of the pork cutout is pressuring. The daily value of the cutout came in \$12.93 lower led by bellies with a whopping \$59.30 drop (!) and ribs seeing further weakness (\$16.39 lower for a net change of \$88.86 compared to the high five weeks ago). The ever-volatile belly primal is now only at the fourth \*lowest\* level for the marketing week (daily compared to weekly average) out of the nine years the data has been presented this way; two weeks ago, bellies were at a marketing week high. The market is reconciling the large amounts of information that is or will be presented this week. Cold storage was released yesterday; weekly export sales data will be published tomorrow as will the highly anticipated quarterly Hogs and Pigs report which will be discussed in tomorrow's column. In terms of cold storage, numbers for May show total pork inventory increased by 0.9% relative to the previous month and has 'caught up' to last year levels (only 1.5% lower) although the 2020 April to May pandemic-influenced drop saw the largest one month decrease on record. Hams saw the largest increase and were 36.2% higher than month ago compared to an inventory build that typically comes in around 25% (three-year average). Regardless, inventory levels are still well-off the benchmarks (total pork 24.9% lower) and have a way to go before a return to normal can be declared. Lean hog futures were sharply lower at the open but have settled into a mixed pattern with the neabys lower and the deferreds gaining some momentum as of this writing. The market will likely see some volatility for the remainder of the week as it 'prices in' the new information.

**US soymeal futures opened mixed this morning.** US soybean futures are consolidating at levels last seen between the February and mid-April timeframe. Contracts have pulled back from the highs seen in mid-May and June as demand has not yet seasonally picked up and some areas are poised to see some moisture develop in the forecast. The June acreage report will be released on next week on June 30.

**US corn futures opened lower this morning.** US corn futures are biasing lower as the market considers improving weather outlooks in the three 'I' states. While parts of Minnesota and the Dakotas remain much too dry, the rain should help with emergence in areas that receive it. Private estimates ahead of next week's acreage report imply 94 million acres which at trend line yields could see new crop carryout at 1.8 billion bu.

Forward Range (at opening)	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	216.77 216.77	206.64 218.19	178.32 186.82	161.02 169.94	161.02 169.94	159.49 162.76	156.66 169.42	170.95 172.92	169.14 172.42

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### 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

