

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, June 24, 2021

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

US Slaughter	
476,000	Wednesday
471,000	Year Ago
Daily Prices	
WCB	\$125.79
National	\$113.58
Nat'l Cutout Adj	\$113.49
Daily Cutout	\$107.82
Signature 4	\$247.71
BP4/TCP4	\$247.71
HyLife Cash	\$264.33
HyLife Cutout	\$251.12
BoC Rate (Noon) prev. day \$1.2287 CAD / \$0.8139 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 all lower with the WCB valued lower than the weekly 2014 July high for the first time in about two weeks while the National variants are seeing pressure from a lowering cutout. Later today, the Quarterly Hogs and Pigs report will be released and analysts' expectations ahead of the report are for animals in all categories and weight classes to come in lower than year ago (see table, inset). The expectations ahead of the report are not surprising considering the difficult decisions producers had to make during the height of the Covid-19 plant disruptions last year. Lighter weighted animals to be marketed later show a range of expectations on both the positive and negative side of year-ago inventories highlighting some uncertainty on supply further out, but on average, available supplies are expected to be tighter than year-ago. This morning, the futures market is digesting the information published in this morning's Export Sales report that showed slightly-lower-than-trendline volumes of physical deliveries and new net sales commitments. While cumulative deliveries to all export partners year-to-date are 1.4% higher compared to the record 2020 marketing year, the absence of China in terms of new net sales, which showed the fifth lowest commitment for the reporting period this year, will be something to watch. It is important to remember, however, that demand from China typically softens over the summer when prices are high and demand is seasonally low. For now, Mexico remains a very important trading partner and has so far made up for some of the softness from China. The Quarterly Hogs and Pigs report will be published after trading this afternoon.

Analysts' Expectations vs. June Quarterly Hogs and Pigs Report			
	Range of estimates (% of 2020)	Avg. Pre-report	USDA Report
All hogs	96.5-99.0	97.5	
Breeding	98.2-99.3	98.6	
Marketing	96.3-99.1	97.4	
>180 lbs.	90.4-99.3	94.4	
120-179 lbs.	94.0-99.1	95.6	
50-119 lbs.	97.3-100.2	99.0	
<50 lbs.	97.2-101.4	99.1	

Source: citing Urner Barry in DLR; USDA-NASS

US soybean futures opened lower this morning. Physical deliveries of US soybeans more than doubled over the previous reporting period but are still residing amid the historical lows and are more than 48% lower than the five-year average for the marketing week. New net sales were likewise at the lower end of the historical range and ~41% off the benchmarks. There is much speculation on demand further out, but so far, new net sales appear to be seasonal.

US corn futures opened lower this morning. Unlike beans, physical deliveries of US corn remain robust. The 1.689 MMT that was recorded for the reporting period was the second highest volume on record for the marketing week and 42% higher than the five-year average. Net sales were less impressive at 216,284 MT, and at the lower end of the historical trend, but like beans, new net sales volumes don't typically see sharp increases until later in the summer (earlier commitments by China this year notwithstanding).

Forward Range (at opening)	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	204.08 204.08	196.39 207.97	171.99 180.51	167.10 171.25	155.57 164.52	154.04 157.32	151.20 164.19	165.72 167.69	164.41 167.69

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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

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