

# Hog Margin Outlook

Meeting Your Marketing Needs

Friday, June 25, 2021

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

## US Slaughter

473,000	Thursday
469,000	Year Ago

## Daily Prices

WCB	\$121.96
National	\$111.28
Nat'l Cutout Adj	\$111.18
Daily Cutout	\$112.99
Signature 4	\$243.27
BP4/TCP4	\$243.27
HyLife Cash	\$257.50
HyLife Cutout	\$257.50

**BoC Rate (Noon) prev. day**  
\$1.2316 CAD / \$0.8120 USD

## Cash Prices Week Ending

June 26, 2021

Signature 4	250.38/113.57
h@ms Cash	248.38/112.66
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	253.87/115.15
OlyWest 2020	267.60/121.38
OlyWest 2021 (Cutout)	264.70/120.07
ISO Weans	\$44.69 US Avg.
Feeder Pigs	\$72.36 US Avg.

**Forward contract prices opened higher this morning.** Daily US cash prices are lower to finish the week and if the trend holds, next week's pricing could be under 2014 levels. Base prices for week ending June 26 are lower than week-ago across all reporting regions, the first time this has taken place since December of 2020. The extent to which a top has been reached remains to be seen, but a weakening cutout value has been hinting at softening demand and exports, while good, have recently revealed volumes slightly lower than trendline in major markets. Yesterday, the USDA released the quarterly Hogs and Pigs report which was less controversial than the report published near the height of the pandemic and not really surprising. Generally, less hogs and pigs are expected in the marketplace and while there were some increases relative to the last report, all hogs and pigs, animals kept for marketing, and kept for breeding were lower than year ago. The one surprise in the report was in the pigs per litter category which came in at 10.95 when analysts ahead of the report were expecting 11.07. Industry commentators suggest this could point to the impacts of the PRRS and PEDv outbreaks reported anecdotally in the USA. Something to keep an eye on will be the numbers in the weight categories. While less hogs and pigs are expected to be available further out, the heavier weighted categories show more hogs than pre-report estimates which could keep the upside in check in the short term even though the numbers are still lower than year-ago. Lean hog futures saw initial support at the open this morning but are 'settling in' and sharp price rallies are not expected today. Depending on the contract, futures have tumbled over the past nine to eleven sessions and the information published over the past couple days (cold storage, weekly exports, H&P, and cutout values) has been mixed and not consistent enough to generate significant buying activity at this time. Regardless, the June Hogs and Pigs report and forward-looking demand outlooks are supportive.

## 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	97.8
Breeding	98.2-99.3	98.6	98.5
Marketing	96.3-99.1	97.4	97.7
>180 lbs.	90.4-99.3	94.4	98.5
120-179 lbs.	94.0-99.1	95.6	98.5
50-119 lbs.	97.3-100.2	99.0	97.3
<50 lbs.	97.2-101.4	99.1	97.1

Source:: citing Urner Barry in DLR; USDA-NASS

**US soybean futures opened lower this morning.** Next week, the Quarterly Acreage report will be published on June 30. Expectations ahead of the report are for beans to come in at ~89.0 million acres on average spanning a range of 87.9 million to 90.4 million. There are some analysts opining the lower end of the range is too low and suggest a number near 90 million is more likely. The USDA pegged bean acreage in the March report at 87.6 million acres.

**US corn futures opened lower this morning.** Analysts ahead of the June Acreage report suggest US corn will come in between 92.0 million and 95.84 million acres with the average at 93.8 million acres. All pre-report estimates are higher than the USDA's March number, which was pegged at 91.1 million acres, and reflects that ideas and shifting sentiment during the price run-up has provided farmers with enough incentive to increase corn acreage above initial intentions.

Forward Range  
(at opening)

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Mar

Maple Leaf  
Sig 4

204.82  
204.82

200.72  
212.27

175.03  
183.53

170.28  
174.42

158.84  
167.77

157.31  
160.58

154.48  
167.19

168.71  
170.67

167.40  
170.67

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**Hams Marketing Services will be closed Thurs., July 1 (Canada Day) but re-opening on Fri., July 2. Risk Management will be closed on Mon., July 5 as Independence Day (USA) falls on a Sunday this year, but the main office will be open. Forward contracting, the HMO, and the morning price reports will be suspended on the noted holiday days.**

