

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, June 28, 2021

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

US Slaughter

2.368 mil.	Last Week
2.626 mil.	Year Ago

Daily Prices

WCB	\$119.78
National	\$109.20
Nat'l Cutout Adj	\$109.04
Daily Cutout	\$110.04
Signature 4	\$238.29
BP4/TCP4	\$238.29
HyLife Cash	\$253.15
HyLife Cutout	\$253.15

BoC Rate (Noon) prev. day
\$1.2294 CAD / \$0.8134 USD

Cash Prices Week Ending

June 26, 2021

Signature 4	250.38/113.57
h@ms Cash	248.38/112.66
HyLife Cash	262.85/119.23
HyLife Cutout	257.32/116.72
BP4/TCP4	253.87/115.15
OlyWest 2020	267.60/121.38
OlyWest 2021 (Cutout)	264.70/120.07

ISO Weans \$44.97 US Avg.

Feeder Pigs \$67.36 US Avg.

Forward contract prices opened higher this morning. Daily US cash pricing starts the week off under some pressure with all negotiated and formula regions lower relative to the previous day as well as the prior weekly base. While cash prices nonetheless remain at historically lofty levels, they are presently below the psychological 2014 highs with the WCB and the National regions 4% and 9% lower than the benchmarks, respectively. Cutout values continue to trend lower to start the week suggesting softening demand; except for butts, all primals are now priced at more 'recognizable' levels after seeing exceptional strength that approached or eclipsed record pricing in May and June. Ribs have seen the most dramatic shift and the price for week ending June 25 was \$92.70 USD/cwt lower than the high put in for week ending May 29, a correction of 31.6%. There may be some additional headwinds approaching. Last week it was announced that on June 29, line speeds will be set at the previous 1,106 per hour by court order. The impacts are estimated to decrease packing capacity by 2.5% and could add another level of price pressure in the near term. The administration has until the end of August to appeal the judge's decision but industry groups such as the NPPC are advocating for an earlier appeal. If implemented longer term, it could see some regional 'backing up' of live supply at the same time pork supply becomes more or less capped meaning the cash/cutout spread may widen once again. The 2.638 million head processed last week follows seasonality, was 2.8% lower than week ago, but only 0.7% lower than 2019. It is unlikely that the aggressive pace seen last year will be revisited after the July 4 long weekend that will see only four processing days next week. Lean hog futures are starting the week off on a higher note in a corrective move that follows three sessions of limit lows seen last week (nearby contract). The extent to which the move represents a recovery attempt remains to be seen but a decreasing cutout value and exports that, while good, but not making any headway, will make returning to the June 9 highs a bit more challenging. Now that the quarterly Hogs and Pigs report is in the rearview mirror, the market will likely trade the fundamentals with regional pricing, the daily cutout value, and the pace of exports providing clues on direction.

US soymeal futures opened higher this morning. Weather was mixed over the weekend and not necessarily ideal but that really depends on the region being highlighted. Rain developed over the weekend east of the Mississippi for the most part with localized flooding developing further south in states like Missouri. Dakotas remain too dry and even though areas further west are not 'ag country' per se, record high temperatures were reached in the Pacific Northwest into Canada.

US corn futures opened higher this morning. The mixed weather over the weekend is making the round and is generally supportive. Southern states went from too dry to too much rain where flooding has been reported in localized areas. There are anecdotal reports of descent rain in areas and good growing conditions, but the headlines are focused on Missouri (too much rain) and the Dakotas (too dry) for now. The acreage report will be published on June 30.

Forward Range
(at opening)

Jul

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Mar

Maple Leaf
Sig 4

215.17

207.33
218.93

183.07
191.60

178.21
182.37

165.24
174.21

163.71
166.99

160.87
172.47

174.00
175.96

172.03
175.31

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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.

