

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, June 29, 2021

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

US Slaughter	
454,000	Monday
466,000	Year Ago
Daily Prices	
WCB	\$116.44
National	\$109.53
Nat'l Cutout Adj	\$109.43
Daily Cutout	\$115.13
Signature 4	\$239.81
BP4/TCP4	\$239.81
HyLife Cash	\$253.60
HyLife Cutout	\$253.60
<b>BoC Rate (Noon) prev. day</b> \$1.2335 CAD / \$0.8107 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 prices are mixed but the trend remains lower so far this week. Looking forward, demand uncertainty after the July 4 long weekend has started to surface. Ideas that post-covid-19 pent-up demand are supportive as are thoughts that the historically low cold storage inventories (net all cuts) will be replenished in the absence of robust pent-up demand, or, combined with it. However, the net value of the cutout has indeed softened in recent weeks and as a proxy for demand, market participants will be watching very closely to see if cutout levels start to find some support, or otherwise start to reflect a 'new' post-pandemic level of demand. Incidentally, the daily value of the carcass in the latest report is higher than the previous week-ago average. The recovery/support for lean hog futures yesterday \*could have\* been influenced by two offshore news items surfacing that 1) live hog futures on the Dalian Commodity Exchange (DCE) in China recovered 5% off the lows and, 2) Chinese officials will start buying pork to shore up state reserves in an effort to support pricing. As Chinese producers pulled hogs forward, cash and futures pricing tumbled but there is evidence heavier hogs are not making it to the processor according to an article from Reuters making the rounds. Officials have also called for producers to keep producing hogs 'at reasonable levels' after spot pricing plunged to two-year lows last week which had fallen approximately 65% between January and June (Reuters). The announcement of buying pork for state reserves is an effort to keep the downside in check and provide incentive to producers to maintain supply. Lean hog futures continue the upward tack that developed late last week, but the market still has a way to go to recapture the highs seen on June 9.

**US soybean futures opened higher this morning.** Crop conditions for US soybeans in the 'good/excellent' category were unchanged relative to the previous week but some movement in the individual categories was evident. Very poor, poor, and fair categories were unchanged but 'good' beans were downgraded by 1% while 'excellent' beans were raised by 1%. Last year, beans in good/excellent condition were pegged at 71% for the reporting period.

**US corn futures opened higher this morning.** Downgrades to the corn crop in Minnesota and South Dakota nudged net good/excellent conditions in the 18 reporting states down 1% relative to the previous week. Good corn was downgraded by 3% while excellent corn was raised by 2%. The 64% corn in good/excellent condition for the reporting period compares to 73% last year. Tomorrow, the USDA will release acreage and quarterly stocks.

Forward Range (at opening)	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	219.01	209.38 221.03	184.57 193.14	179.89 184.07	167.35 176.37	165.81 169.11	162.95 174.38	175.92 177.89	174.45 177.73

This bulletin is intended as a marketing tool for subscribed members only. Prices are not quotes and all pricing is subject to verification. Opinions expressed do not guarantee future events or performance. Unauthorized distribution is strictly prohibited.

**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.**

