

Hog Margin Outlook

Meeting Your Marketing Needs

Friday, July 2, 2021

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

US Slaughter

458,000	Wednesday
455,000	Year Ago

Daily Prices

WCB	\$111.10
National	\$108.52
Nat'l Cutout Adj	\$108.49
Daily Cutout	\$115.63
Signature 4	\$238.74
BP4/TCP4	\$238.74
HyLife Cash	\$253.45
HyLife Cutout	\$253.45

BoC Rate (Noon) prev. day
\$1.2394 CAD / \$0.8068 USD

Cash Prices Week Ending

July 3, 2021

Signature 4	238.01/107.96
h@ms Cash	236.01/107.05
HyLife Cash	N/A
HyLife Cutout	N/A
BP4/TCP4	250.38/113.57
OlyWest 2020	255.90/116.08
OlyWest 2021 (Cutout)	248.10/112.54
ISO Weans	\$44.97 US Avg.
Feeder Pigs	\$67.36 US Avg.

Forward contract prices opened lower this morning. Daily US cash markets are mixed to finish the week. The WCB region has seen the biggest decline this week relative to the other pricing regions and is in a clear downward trend. While the formula-based reporting regions are likewise seeing weakness, the degree to which the drop has materialized has been less pronounced. Regardless, pricing remains near record-highs and stands in sharp contrast to year-ago. Last year the WCB, National, and National cutout-adjusted bases were pegged at \$28.38, \$50.88, and \$58.03 USD/cwt, respectively, while the daily levels today are valued at \$111.10, \$108.52, and \$108.49. While cash markets are seeing some softness, there are expectations that ongoing demand and supply tightness will keep cash supported into the second quarter of 2022. Lean hog futures are lower for the third consecutive session this week. Although the Canadian 'industry' was closed yesterday due to Canada Day observance, the US exchanges were open where front-month futures plunged to limit lows. The market briefly recovered in the early morning session but is trending lower as of this writing. The weekly Export Sales report did not really do anything to prevent the downward pressure with physical deliveries coming in at trendline (thus showing continued demand trends in the short term) while new net sales were likewise trendline which could be considered neutral, but also not bullish. Physical deliveries into China were the lowest for the marketing year (5,085 MT) and new net sales were the third lowest (1,495) for the same reference period. While there is opportunity for China to play a larger and ongoing role in the US export profile, purchase activity from the region has been much more disciplined than anticipated.

US soymeal futures opened mixed this morning. Wednesday's reports supported the market and all benchmarks came in below pre-report estimates. Quarterly stocks of beans (June 1) were pegged at 767 million bu compared to the 787 million bu. pre-report estimated. US bean acreage is estimated at 87.555 million acres compared to the 88.955 million acre pre-report guess.

US corn futures opened lower this morning. The USDA revealed that stocks of US corn as at June 1 were at 4.112 billion bu. compared to the 4.144 billion bu. expected by analysts ahead of the report. The National Agricultural Statistics Service (NASS) pegged acreage at 96.692 million acres compared to the 93.787 average estimate ahead of the report.

Forward Range
(at opening)

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	203.16 214.79	179.42 187.98	174.64 178.81	163.01 172.01	161.47 164.76	158.62 172.11	173.65 175.63	172.33 175.63

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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.

