

# Hog Margin Outlook

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Tuesday, July 6, 2021

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

## US Slaughter

2.282 mil. Last Week  
2.039 mil. Year Ago

## Daily Prices

WCB	\$110.57
National	\$109.62
Nat'l Cutout Adj	\$109.57
Daily Cutout	\$115.19
Signature 4	\$240.16
BP4/TCP4	\$240.16
HyLife Cash	\$255.14
HyLife Cutout	\$255.14

**BoC Rate (Noon) prev. day**  
\$1.2343 CAD / \$0.8102 USD

## Cash Prices Week Ending

July 3, 2021

Signature 4	238.01/107.96
h@ms Cash	236.01/107.05
HyLife Cash	252.87/114.70
HyLife Cutout	252.87/114.70
BP4/TCP4	250.38/113.57
OlyWest 2020	255.90/116.08
OlyWest 2021 (Cutout)	248.10/112.54

ISO Weans \$42.53 US Avg.

Feeder Pigs \$63.34 US Avg.

**Forward contract prices opened higher this morning.** Daily US cash prices are mixed to start the holiday-shortened week with the negotiated WCB region continuing to push incrementally lower while the National-based formula regions are finding some footing. Base prices for week ending July 3 biased lower with the WCB seeing the largest one-week drop on record, the USDA cutout-formula showing the largest one-week drop going back to the volatile 2020 summer timeframe, and both National variants showing weakness albeit not at record levels. The weekly net value of the cutout mounted a minor recovery last week and bucked the trend lower that had developed two weeks prior. Hams and bellies (both higher) supported the balance of the cuts which saw loins, butts, and ribs lower than week-ago while picnics remained stable. There is much speculation on overall demand profile outlooks but demand presently remains strong. Despite daily variability between the primals, the net value of the carcass is still at its second highest level for the marketing week. Weekly slaughter came in below 2.3 million head for the first time last week not counting the Memorial Day holiday – next week will likely fall below the 2.0 million head mark due to Independence Day falling on a Sunday this year. Regardless, slaughter remains above the three-year average and supply, while tighter than what would have been available if not for the 2020 Covid-19 disruptions, still remains relatively good. Lean hog futures are mixed with some softness developing in the deferred month contracts. The trade appears to be consolidating at present levels with no strong bias one way or another while it potentially carves out a new range; the trend has been sideways since June 19. The market has priced-in the currently known information for now and is offering good value even if it isn't trading amid the highs seen at the beginning of June.

**US soymeal futures opened lower this morning.** The USDA's Crop Progress report is delayed until later today due to the holiday yesterday and the trade is expecting a good/excellent conditions downgrade of about 1% following the record-breaking heat that developed last week. Some rain over the week-end and cooler temperatures may have alleviated some of the stress, however, and calls for more rain later this week and into the weekend could provide more relief. The July WASDE report will be released next Monday

**US corn futures opened lower this morning.** Like in beans, localized rain over the weekend provided some relief to the heat-stressed corn crop. Crop conditions are expected to be downgraded between 1% to 2% in the good/excellent category when the Crop Progress report is published later today. Brazil corn harvest is pegged at 12% complete versus 23% last year.

Forward Range  
(at opening)

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	208.27 220.01	180.24 188.88	175.10 179.31	165.26 174.33	163.71 167.03	160.83 173.53	175.06 177.03	174.18 177.47

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STRENGTH IN NUMBERS

