

Hog Margin Outlook

Meeting Your Marketing Needs

Wednesday, July 7, 2021

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

US Slaughter

466,000 Tuesday
473,000 Year Ago

Daily Prices

WCB \$115.78
National \$109.86
Nat'l Cutout Adj \$109.86
Daily Cutout \$113.61
Signature 4 \$242.70
BP4/TCP4 \$242.70
HyLife Cash \$255.60
HyLife Cutout \$255.60

BoC Rate (Noon) prev. day
\$1.2446 CAD / \$0.8035 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 lower this morning. Daily US cash markets are higher mid-week and all regions have found some footing after seeing a downward trend that started to surface in marketing week 24. The extent of the 'turnaround' and if it is to be sustained remains to be seen, but demand from all channels remains strong. The net value of the pork cutout is presently at the second highest level for this marketing week (27) despite some variability in the primals. Loins, butts, and ribs have come under pressure and are off the highs witnessed in June, but picnics, hams, and bellies are at their second highest levels for the marketing week. Monthly export numbers for May, published this week and reflecting customs data (i.e. all pork and pork products, not just the primals), show a 5% increase over the previous month and 16% over last year. All major export partners (Mexico, China, Japan, South Korea, and Canada) showed month-over-month increases and with the exception of China, were also higher than year ago. China volume lower than 2020 levels does stand out but increases in the other regions have made up for the shortfall. Mexico and Japan have contributed the most coming in 89% and 34% higher than year-ago and when total tonnage between the two countries is summed, it exceeds volume going into China by 21%. Lean hog futures have not responded, however, and the market is mixed as of this writing. The market is consolidating at present levels, that while comparatively high, are not near the earlier highs reached in June. It suggests that the market may struggle a bit to mount a significant rally and approach the levels seen earlier, but a resurgence of demand indicators from China in subsequent weekly and monthly reports will likely bring buyers back into the market. The weekly Export Sales report will be delayed until Friday this week due to the July 4 holiday that was observed on Monday.

US soymeal futures opened higher this morning. US soybean futures are finding some support following the previous session that saw traders back for the first day of trading after the long weekend in the US where news of weekend rain initiated some pressure. Soybean conditions were once again downgraded relative to the previous week in the good/excellent category, but the 1% move lower was expected by market watchers ahead of the report. When ending stocks are this tight, weather news will usher in volatility.

US corn futures opened lower this morning. US corn futures continue to see pressure for the third session in a row. Yesterday's Crop Progress report showed no changes to the crop considered in good/excellent condition relative to the previous week but there was a 1% increase to the crop considered to be in poor condition. There are ideas that the eastern corn belt which has so far fared better than its western counterpart will be unable to make up for the damage that has been done in the west, but the recent rain has some suggesting next week's WASDE report may not downgrade yield estimates for now.

Forward Range
(at opening)

	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	207.03 218.79	179.91 188.56	175.01 179.22	165.25 174.34	163.69 167.02	160.81 174.93	176.47 178.47	175.86 179.17

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STRENGTH IN NUMBERS

