

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, July 8, 2021

For details call: (204)235-2237 or visit
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US Slaughter

467,000 Wednesday
467,000 Year Ago

Daily Prices

WCB	\$114.42
National	\$106.61
Nat'l Cutout Adj	\$106.61
Daily Cutout	\$115.74
Signature 4	\$236.07
BP4/TCP4	\$236.07
HyLife Cash	\$250.11
HyLife Cutout	\$250.11

BoC Rate (Noon) prev. day
\$1.2475 CAD / \$0.8016 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 markets are drifting incrementally lower despite remaining amid comparative highs. There is talk that cash buying has slowed after the July 4 long weekend but there is also much speculation on purchase activity further out. One analytics firm has opined the 'slow down' may be short-lived. Once pandemic restrictions are fully lifted, ideas that pent-up demand may drive a counter seasonal cash rally are making the rounds. Add to this the idea that recent disease outbreaks (PRRS, for example) are limiting the already-reduced supply estimates, and it lends to the support. Retail continues to compete with a gearing up restaurant and foodservice sector with both sectors competing with exports. Of course, not all products are interchangeable, but the competition still has an influence before the hog is processed and exports have been very strong. Customs data released this week showed that exports accounted for 38.1% of total domestic US production which is very high. Year to date (May) accumulated exports came in at almost 32% of total pork production and 28.6% of primals which, while not a record, is still notable and compares to the 25% of total pork production seen in 2019 which is more in line with the 'typical' export ratio. While China has slowed recently and is off the 2020 pace, Mexico has mostly made up for the shortfall after struggling with its own pandemic-related challenges and a resurgence in demand. Lean hog futures are mixed and have been rangebound since the recent sell-off that concluded in the June 24 session. The trade has tested the April correction on the low side and while some support did develop last week, it has been so far unable to mount another sustained rally. Regardless, 'low' is a relative term; futures values for the remainder of 2021 are approximately 31% above three-year cash averages while 2022 contracts are trading ~22% above the same benchmark today.

US soymeal futures opened mixed this morning. Analysts' estimates ahead of next week's WASDE report are starting to surface. Ending stocks for the old crop are expected to be lowered from 135 million bu in the June report to 134 million bu. and against a range of 120 million to 149 million bu. New crop fares slightly better, but still very tight, with average ending stocks estimates expected to come in at 148 million bu which is also a reduction from the 155 million bu pegged by the USDA for June.

US corn futures opened lower this morning. Old crop corn ending stocks estimates are expected to be lowered in the July WASDE report from June's 1.107 billion bu. to 1.088 billion bu. The range of estimates for new crop span between 1.507 billion bu. on the low end to 1.542 billion bu. on the high end. Unlike beans, new crop US corn ending stocks estimates, on average, are expected to increase relative to the June report – from 1.357 billion bu. to 1.402 billion bu.

Forward Range
(at opening)

Maple Leaf
Sig 4

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Mar

206.03
217.83

180.28
188.96

175.42
179.65

166.00
175.13

164.44
167.78

161.55
176.67

178.23
180.24

177.11
180.46

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STRENGTH IN NUMBERS

