

Hog Margin Outlook

Meeting Your Marketing Needs

Monday, July 12, 2021

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

US Slaughter

1.923 mil.	Last Week
2.597 mil.	Year Ago

Daily Prices

WCB	\$115.98
National	\$106.37
Nat'l Cutout	\$106.37
Daily Cutout	\$116.44
Signature 4	\$235.56
BP4/TCP4	\$235.56
HyLife Cash	\$251.43
HyLife Cutout	\$251.43

BoC Rate (Noon) prev. day
\$1.2476 CAD / \$0.8015 USD

Cash Prices Week Ending

July 10, 2021

Signature 4	238.93/108.38
h@ms Cash	236.93/107.47
HyLife Cash	252.80/114.67
HyLife Cutout	252.80/114.67
BP4/TCP4	238.01/107.96
OlyWest 2020	245.30/111.27
OlyWest 2021 (Cutout)	248.70/112.81
ISO Weans	\$40.79 US Avg.
Feeder Pigs	\$60.90 US Avg.

Forward contract prices opened higher this morning. Daily US cash prices are mixed and while some support developed in the negotiated WCB region compared to Friday, the trend in all regions remains lower for now. 'Lower', however, is a relative term. Weekly and daily pricing still resides amid exceptional levels and all regions are at the second highest values for comparable marketing weeks. Interestingly, July has seen some records in recent memory where 2014 reached new highs and 2020 saw counter seasonal lows. Cash markets are attempting to reconcile ongoing demand strength, lower hog weights, supply 'tightness' more broadly, post grilling season peak demand (although it is important to remember grilling season is not over per se), and a 'new normal' marketing environment while localized Covid-19 restrictions become loosened to varying degrees. The ripple effects of pandemic-related plant shutdowns last year (where producers made difficult decisions regarding marketing intentions) and consumer behaviour related to past, present, and future 'lockdowns' are all still very much in play. In the meantime, the net value of the pork cutout is at the second highest level for the marketing week and while down from the loftier levels seen in June, it is still holding value which has been near the mid \$110s USD/cwt for the past three weeks. Domestic demand remains strong and ideas that post-pandemic pent-up demand could keep pricing supported heading into the fourth quarter is a common theme. Lean hog futures are higher to start the week but have been trading in a sideways pattern since the June 28 session and have yet to break out of the recently established range that also started to become defined at the end of June. The market has no rationale to make drastic moves in either direction and the trade is called two-sided for now although news items will likely usher in some volatility.

US soymeal futures opened higher this morning. Trading is expected to be light ahead of the July WASDE report that will be released later this morning. Old and new crop ending stocks estimates are pegged to come in lower than the June report according to analysts' estimates ahead of the release. There is talk that demand from China has waned for now but there is also a seasonal element to the backing off which is showing up in the weekly Export Sales reports.

US corn futures opened higher this morning. Ending stocks of US corn are expected to be lowered in the old crop but raised slightly for the new crop when the WASDE report is released at 11:00 AM, Central time this morning. While domestic numbers will be watched closely, Brazilian production numbers will attract a fair bit of attention as the weather has been less than ideal amid drought conditions and bouts of frost. In the last report, the USDA pegged Brazil production at 98.5 MMT and analysts ahead of today's WASDE are coming in with a 92.2 MMT average production estimate.

Forward Range
(at opening)

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Mar

Maple Leaf
Sig 4

211.46
222.52

184.53
193.16

182.98
183.91

168.75
177.82

167.20
170.52

164.32
178.24

179.79
181.78

178.51
181.83

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.

follow us @hamsmarketing
twitter

Some Important Phone Numbers
Main Office: 204-233-4991
Toll Free: 1-800-899-7675
Logistics: 204-235-2225
Risk Management: 204-235-2237

STRENGTH IN NUMBERS

