

# Hog Margin Outlook

Meeting Your Marketing Needs

Tuesday, July 13, 2021

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

## US Slaughter

457,000 Monday  
449,000 Year Ago

## Daily Prices

WCB \$115.33  
National \$107.23  
Nat'l Cutout \$107.23  
Daily Cutout \$117.73  
Signature 4 \$237.36  
BP4/TCP4 \$237.36  
HyLife Cash \$252.17  
HyLife Cutout \$252.17

**BoC Rate (Noon) prev. day**  
\$1.2471 CAD / \$0.8019 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 pricing is mixed with the negotiated WCB region down \$0.65 USD/cwt while both National variants ('traditional' and cutout-adjusted) are up \$0.86. All regions are down from the June highs, but the trends are mixed today. The WCB is mounting a modest recovery while the National-based regions are moderately lower compared to a sharper down trend seen a couple weeks ago. Despite some variability in the primals, the net value of the cutout has remained relatively steady since the second last week in June and is firming at present levels. While there is much speculation on consumer behaviour in a post-pandemic lockdown marketing environment, an article appearing in National Hog Farmer yesterday authored by industry economist Steve Meyer reminds readers of some nuances regarding how far consumer dollars go. For example, dollars at restaurants typically purchase less quantities compared to retail (grocery) so while spending in the sector may indeed rise, less meat may actually be consumed. As well, while the focus on post-pandemic consumer demand and relatively tight supplies may also be price supportive, processing capacity once again has entered the equation. For starters, a Minnesota judge recently ruled against enhanced line speeds which the USDA has yet to appeal taking some 85,000 head out of US processing capacity. As well Smithfield Foods announced last week that it will be closing its Gwaltney, Virginia plant therefore taking another 54,000 head per week out of the weekly kill. The moves lower weekly US processing from 2.768 million head per week (estimated in the fall of 2020) to 2.629 million head per week with reduced line speeds and after the plant closes. That's still a lot of hogs, but the industry may bump up against processing limits (and packers will not have to bid aggressively) if the numbers estimated in the most recent Hogs and Pigs report show up in the fourth quarter, even though the USDA's expectations are for lower supplies relative to 2020. While outlooks remain supportive on the fundamentals (post pandemic demand and relatively tight supplies), industry capacity and the resulting seasonal economics are still present.

**US soymeal futures opened higher this morning.** The July WASDE report published yesterday was considered neutral for the trade. Yield estimates were not adjusted and ending stocks in both marketing years were raised slightly relative to average expectations ahead of the report. For the 2020/21 crop year, ending stocks came in at 135 million bu. representing no change relative to the June numbers. New crop was also unchanged from June at 155 million bu., but up from the 148 million bu average pre-report estimate.

**US corn futures opened higher this morning.** Old crop corn ending stocks were pegged at 1.082 billion bu. in yesterday's WASDE report, a decrease from the 1.107 billion bu. estimated in June and slightly lower than the average 1.088 billion bu. pre-report guess. Ending stocks for new crop corn were raised and came in at 1.432 billion bu compared to the 1.402 billion bu. average estimate ahead of the report and 1.357 billion bu. estimated in June.

Forward Range  
(at opening)

Aug

Sept

Oct

Nov

Dec

Jan

Feb

Mar

Maple Leaf  
Sig 4

216.77  
227.88

189.31  
197.97

184.67  
188.90

173.62  
182.74

172.07  
175.40

169.18  
182.29

183.85  
185.85

181.07  
184.40

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STRENGTH IN NUMBERS

