

Hog Margin Outlook

Meeting Your Marketing Needs

Thursday, July 15, 2021

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

US Slaughter	
467,000	Wednesday
468,000	Year Ago
Daily Prices	
WCB	\$116.87
National	\$107.73
Nat'l Cutout Adj	\$107.73
Daily Cutout	\$118.69
Signature 4	\$238.97
BP4/TCP4	\$238.97
HyLife Cash	\$254.13
HyLife Cutout	\$254.13
BoC Rate (Noon) prev. day \$1.2497 CAD / \$0.8002 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 lower this morning. Daily US cash markets are mixed with the negotiated WCB region firming while the National variants are slightly lower than the previous day due to some daily variability in the net value of the pork cutout. In most marketing years except 2020, but including the extremely volatile 2014 environment, seasonal weakness developed in all cash reporting regions in a couple weeks. Seasonality associated with demand and increasing supplies due to better feed conversion, cooler temperatures, and increasing slaughter levels are features of the market heading into the fall. Past historical trends do not guarantee future performance, however, and it very much remains to be seen if the pattern holds this year. There is much speculation on demand profiles for 2021 (post-pandemic, pent-up demand, for example) not to mention ideas that some disease outbreaks in the US and producers exiting the industry (or simply not expanding) will usher in support further out. Meanwhile, cash levels remain comparatively strong and relative strength is expected heading into the fall. This morning's Export Sales report was comparatively weak, but not unexpected. Physical deliveries net all regions came in at a marketing year low, but the 25,184 MT of shipped pork was still considered good and ~42% above the five-year average for the reporting period. New net sales were likewise low at 10,585 MT and aside from the cancellation seen in marketing week 15, were the lowest new commitment volumes seen in 2021. Futures markets have shrugged off the news, however, and are trading in a mixed and sideways pattern this morning. The Independence Day shortened week fell within the reporting period which may be a factor, but the low volumes shipped and cancellation of new net sales by China will be something to watch in the short term. China is expected to increase new net sales commitments in August/September. Accumulated exports are 0.6% higher than the record 2020 marketing year but new net sales are 5.3% below last year's pace.

US soymeal futures opened lower this morning. Physical shipments of US soybeans remain locked in a seasonal pattern, amid the lows, and came in at the lowest level for the marketing week compared to other years. The 197,730 MT shipped was 58.8% lower than the five-year average. New net sales of 21,653 MT were the third lowest for the marketing year and 88.3% lower than the five-year average (not including 2020).

US corn futures opened mixed this morning. Deliveries of US corn remain relatively robust but seasonal. The 1.061 MMT shipped was only 8.3% lower than the five-year average benchmark. New net sales were less impressive and more than 66% lower than commitments usually made in the marketing week. Despite the meagre commitments, there is not much of a surprise here as the committed volumes reflect the seasonal trend and are not expected to pick up until August if the trends hold.

Forward Range (at opening)	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar
Maple Leaf Sig 4	214.46 225.59	190.87 199.55	186.07 190.30	174.11 183.24	172.55 175.89	169.65 182.68	184.23 186.24	181.56 184.90

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STRENGTH IN NUMBERS

