

Things to Consider....

March 2, 2021

Over the past week, all North American Hogs and Pigs were reported at 91.5 million head, up 48 thousand head or +0.1% from the previous report however 671 thousand head or -0.7% under year ago levels. Canadian Hogs and Pigs were up 0.4% from last year and down 0.6% from the previous report.

The all North American Breeding stock declined half a percent or 37 thousand head from the inventories last reported in August for the Q1/Q2 period, bringing the latest reporting period 183 thousand head or 2.4% under Q3/Q4 of 2019. Canada increased its breeding herd by 1% over the previous report and last year. The US Federal Sow slaughter chart shown below confirms the accelerated rate of sow slaughter compared to 2019 and the previous 5-year average. Based on calculations using slaughter volumes greater than 2019, the disappearance of sows could be as large as 200-220 thousand sows.

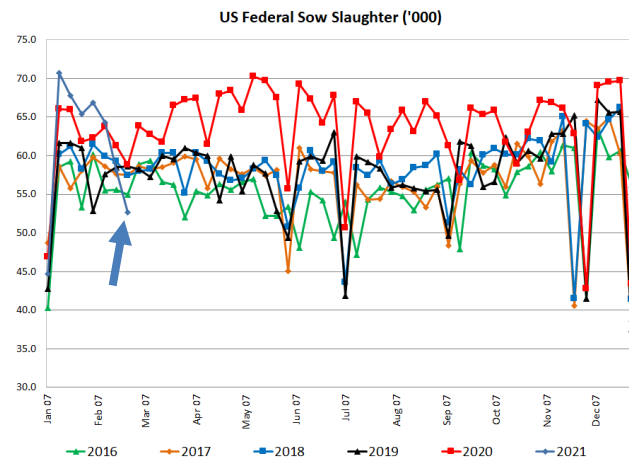
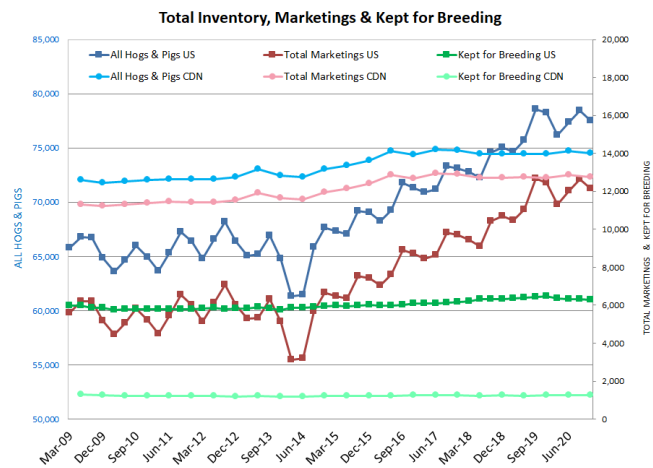
With recent strength in the lean hog market a major shift is occurring in the sow slaughter category illustrated by the arrow on the sow slaughter graph which points to a sharp reduction in sow kill numbers. Although the recent short-term low coincided with some slaughter capacity issues, the trend of lower sow slaughter is expected to continue for the remainder of the spring and summer given contract high hog futures and strong cash markets.

North American Market hogs climbed 85 thousand to 84.0 million head, up 0.1% from last reported and 0.6% under last year. US & Canadian sows farrowed were reported 0.2% under last year or 13 thousand lower, however came in 3.1% higher than the previously reported tally. The pig crop rose 3.6% from Q1/Q2 however was also 0.2% under year ago levels.

The combined North American numbers are considered neutral to friendly and have not impacted the current price trend established since mid-December. Although the upside appears to have slowed in futures, firm pricing is expected to carry through much of the spring months.

U.S. & Canadian Hogs					
December 2020 Update, Released March 2021					
	2019*	2020**	2020*	% Chg	% Chg
	Q3 & Q4	Q1 & Q2	Q3 & Q4	Q1&2 / Q3&4	Y/Y
All Hogs and Pigs	92,198	91,479	91,527	100.1%	99.3%
Kept for Breeding	7,716	7,570	7,533	99.5%	97.6%
Market Hogs	84,482	83,909	83,994	100.1%	99.4%
Market Hog Weight Groups					
Under 50 pounds	27,269	27,355	26,867	98.2%	98.5%
50-119 pounds	23,064	22,346	22,773	101.9%	98.7%
120-179 pounds	17,771	17,744	17,701	99.8%	99.6%
180 pounds and over	16,379	16,464	16,653	101.1%	101.7%
Sows Farrowed	7,698	7,456	7,685	103.1%	99.8%
Pig Crop	86,105	83,001	85,963	103.6%	99.8%

**Figures represented are US Jun-Nov US & CDN Jul-Dec.
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Weekly Hog Price Recap

Cash hogs recorded another good week of improvements on stronger mid-week gains, with national cash up daily while regional cash faced some declines Monday. CME cash also improved daily, with stronger gains the back-half of the week. Most wholesale pork primals improved, excluding bellies, with pork cutout up \$2.71/cwt from the previous week.

USD Cash Price	Weekly Averages					
	Head	26-Feb-21	Head	19-Feb-21	w/w	% Chg
ISM pm		\$74.55		\$70.31	\$4.25	6.0%
WCB pm		\$74.47		\$70.26	\$4.21	6.0%
Nat pm		\$72.19		\$68.80	\$3.39	4.9%
CME Index*		\$79.13		\$76.24	\$2.89	3.8%
Sows, 300-449lbs	13,535	\$62.54	12,241	\$57.41	\$5.13	8.9%
Sows, 500+ lbs	11,611	\$70.45	10,041	\$64.62	\$5.83	9.0%
BoC Exch		1.2596		1.2677	-0.0081	-0.6%

* Represents Friday-Thursday average

Monitored hog markets were generally up \$4 to \$10 per hog on the week, with markets derived from lagged base pricing up the most. Values out of Quebec and Hylife were each up near \$4/hog, while those out of the Sig 4 and Ontario were up \$5 & \$6 per hog respectively. The OlyW 21 was up nearly \$8/hog while BP/TC & the OlyW 20 each rose \$10/hog from a week earlier. In the US, Tyson jumped \$10.75/hog while values out of JM were up \$8.75/hog from the previous week.

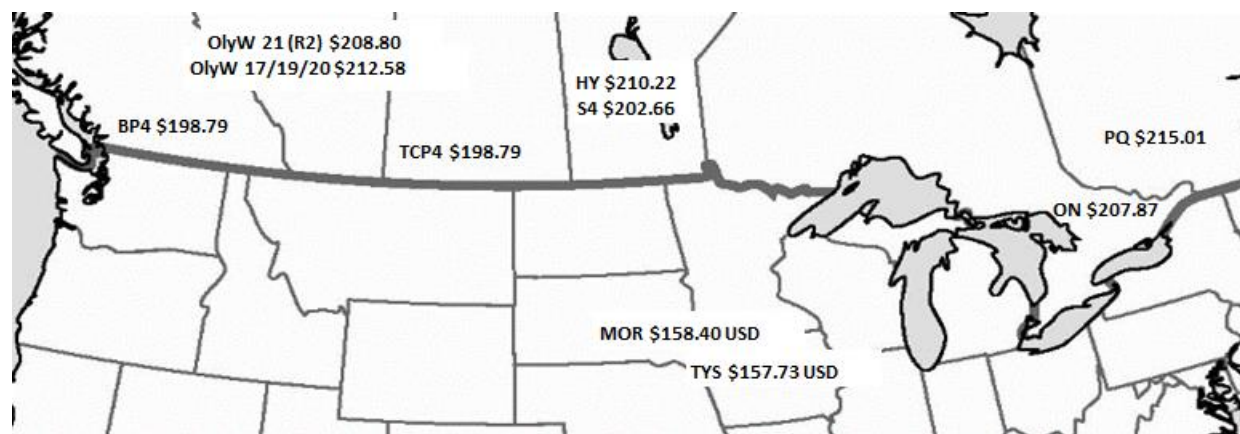
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 26-Feb-21	Difference to OlyW21
OlyW 2021 (R2)**	\$184.20		\$188.19		\$187.78		\$208.80	
OlyW 17/19/20*	\$175.75	-\$8.45	\$189.38	\$1.19	\$187.32	-\$0.46	\$212.58	\$3.78
ML Sig 4	\$179.45	-\$4.74	\$183.58	-\$4.61	\$179.43	-\$8.35	\$202.66	-\$6.13
BP4/TCP4	\$179.10	-\$5.10	\$179.41	-\$8.78	\$178.94	-\$8.84	\$198.79	-\$10.00
Hylife	\$184.12	-\$0.08	\$193.09	\$4.90	\$186.05	-\$1.73	\$210.22	\$1.42
Ontario***	\$176.39	-\$7.81	\$184.26	-\$3.93	\$178.96	-\$8.82	\$207.87	-\$0.93
Québec	\$186.86	\$2.67	\$196.93	\$8.74	\$190.22	\$2.44	\$215.01	\$6.21
Tyson (USD)	\$126.31	-\$57.88	\$132.28	-\$55.91	\$128.83	-\$58.95	\$157.73	-\$51.07
John Morrell (USD)	\$118.84	-\$65.35	\$131.60	-\$56.59	\$124.87	-\$62.91	\$158.40	-\$50.40

*3 Year average uses actual OlyW'17, OlyW'19 and OlyW'20 for respective weeks. Starting Jan 2020 prices includes \$0.06 per kg proximity bonus

** 13 week average and the latest week uses the OlyW'21 including the floor price

*** Ontario pricing does not include any pork or cutout based formulas for market hogs

To Note: OlyW and BP4/TCP4 are nearly a full 1 week lag to Sig 4, Hylife, Ontario & Quebec



Weekly Hog Margins

Monitored hog margins continue to improve on significant strength in hog and pork values and were further supported by stable-to-lower feed costs on the week. Canadian farrow-to-finish feed costs declined \$0.75/hog while those in the monitored US region were generally stable to modestly lower from week earlier.

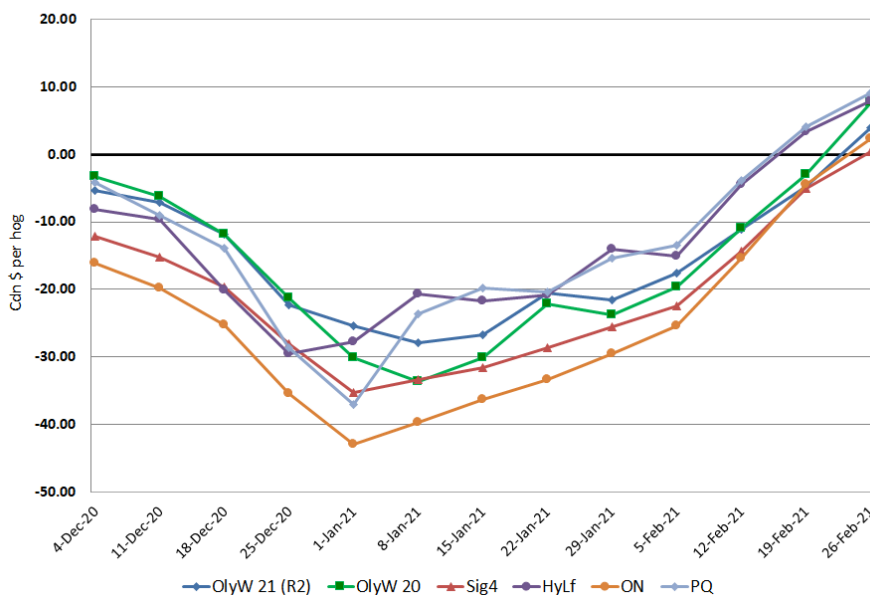
Hog margins out of Quebec finished the week the strongest north of the border, up \$5 from last reported to \$9/hog profits. Hylife strengthened \$4.75 to \$8/hog profits, while the OlyW 20 improved nearly \$10.75 to more than \$7.50/hog profits and the OlyW 21 improved nearly \$8.75 to shy of \$4/hog profits. Hog margins out of Ontario strengthened \$6.75 to \$2.25/hog profits while ML Sig 4 margins improved \$5.50 to \$0.50/hog profits. In the US, Tyson margins strengthened more than \$11.25 to \$7.75/hog profits while JM margins were up nearly \$9 to more than \$10/hog profits from a week earlier.

Regional MARGINS, \$/hog						
Packer/Region	26-Feb-21		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$212.58	\$145.41	\$39.45	\$20.05	\$204.91	\$7.67
OlyW 21 (R2)/Alberta	\$208.80	\$145.41	\$39.45	\$20.05	\$204.91	\$3.89
ML Sig 4/Manitoba	\$202.66	\$143.15	\$39.54	\$19.55	\$202.24	\$0.42
Hylife/Manitoba	\$210.22	\$143.16	\$39.54	\$19.55	\$202.25	\$7.97
Ontario	\$207.87	\$141.09	\$40.71	\$23.76	\$205.56	\$2.31
Québec	\$215.01	\$143.78	\$40.50	\$21.65	\$205.93	\$9.08
Tyson (USD)/Iowa	\$157.73	\$104.73	\$28.70	\$16.57	\$150.00	\$7.73
John Morrell (USD)/ND	\$158.40	\$103.00	\$28.70	\$16.57	\$148.27	\$10.13

* Feed costs standardized for a 285 pound market hog

Tyson: \$7.73 USD x 1.2626 = \$9.76 CAD
 Morrell: \$10.13 USD x 1.2626 = \$12.79 CAD

Canadian Margins Last 13 weeks



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