



Weekly Regional HOG PRICE Report



Things to Consider....

May 11, 2021

Hog weights in the US have started their seasonal decline as temperatures heat up and growth rates struggle to maintain 1st quarter averages. Every year in early May lean hog weights begin to drop and continue lower until mid-late August.

Similarly, federally inspected slaughter in the US follows the same pattern, declining from the start of the year until mid-late July when numbers traditionally begin to climb into the 3rd and 4th quarter.

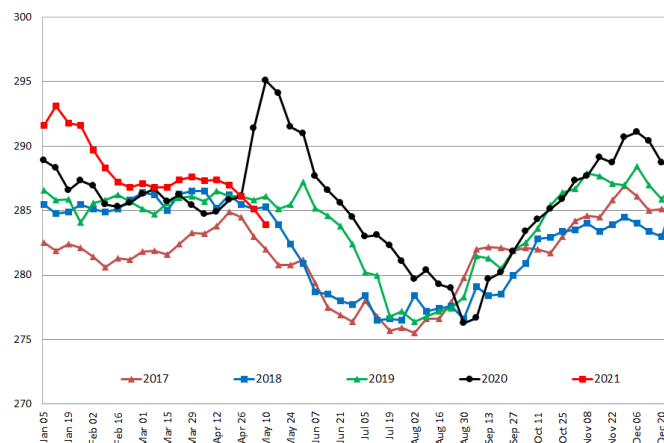
This year, unlike last, is expected to follow “normal” or seasonal trends with lower weights and lower slaughter numbers for the next 3-4 months.

Pork production as a result is also trending lower, although remains at the highest level in history for this time of year. Strong exports and steady domestic demand are combining to provide excellent pricing opportunities in both the cash and futures markets.

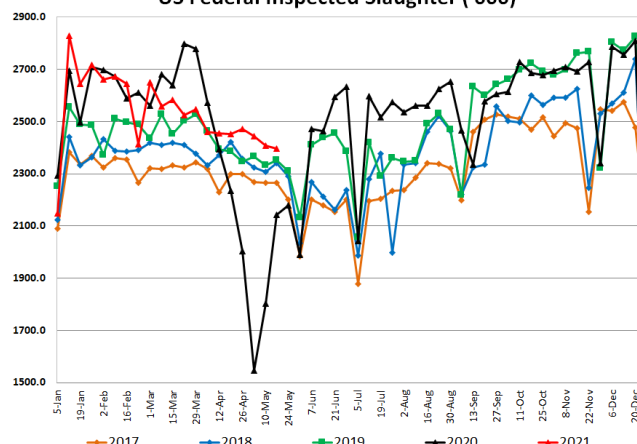
Sow slaughter has also shifted from the aggressive volumes registered in 2020. As shown in the US Sow slaughter graph, kills in early May were more similar to 2017-2019 compared to 2020. A more normal sow slaughter will also reduce the amount of pork hitting the market and could further support summer pricing.

Lean hog futures are trading near or at contract highs in the past week, but have ran into some resistance in recent weeks. Producers should keep a close watch on the markets as this spring rally may be due for a correction in the weeks ahead.

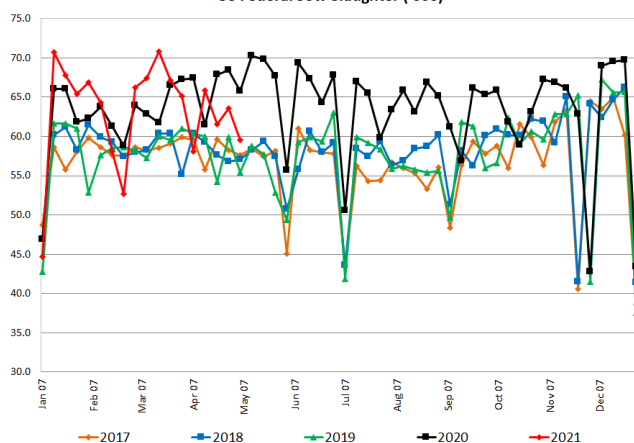
Weekly Average Barrow and Gilt Weight Live



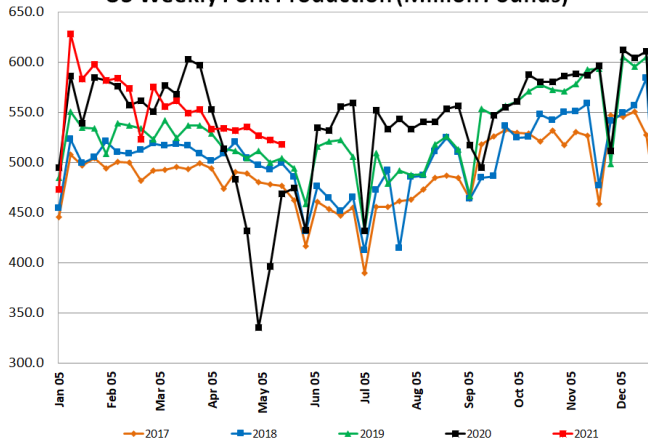
US Federal Inspected Slaughter ('000)



US Federal Sow Slaughter ('000)



US Weekly Pork Production (Million Pounds)



Weekly Hog Price Recap

Cash hogs had another strong week with better rises recorded mid-week, and regional cash stronger than national cash. CME cash was up daily, with stronger gains reported the latter part of the week. Wholesale pork values varied all averaged the week stronger excluding hams, with pork cutout \$3.24/cwt over the previous week's average.

USD Cash Price	Weekly Averages					
	Head	7-May-21	Head	30-Apr-21	w/w	% Chg
ISM pm		\$118.53		\$113.52	\$5.01	4.4%
WCB pm		\$118.21		\$113.31	\$4.91	4.3%
Nat pm		\$113.78		\$109.80	\$3.98	3.6%
CME Index*		\$108.03		\$107.07	\$0.96	0.9%
Sows, 300-449lbs	10,743	\$66.83	11,919	\$70.21	-\$3.38	-4.8%
Sows, 500+ lbs	12,115	\$71.10	12,470	\$75.57	-\$4.48	-5.9%
BoC Exch		1.2244		1.2350	-0.0106	-0.9%

* Represents Friday-Thursday average

While cash hogs were reported higher, many Canadian market hog values declined on the falling BOC rate of exchange. The OlyW 21 dropped more than \$7/hog, while the OlyW 20 was down shy of \$3/hog. Hog values out of Quebec declined \$2.25/hog, while the Sig 4 fell shy of \$2/hog and Hylife was down \$1.25/hog. Hog values out of Ontario edged \$0.75/hog higher from week ago levels, while BP/TC rose \$1.75/hog. In the US, Tyson jumped \$9/hog while JM rose \$10.25/hog from the previous week.

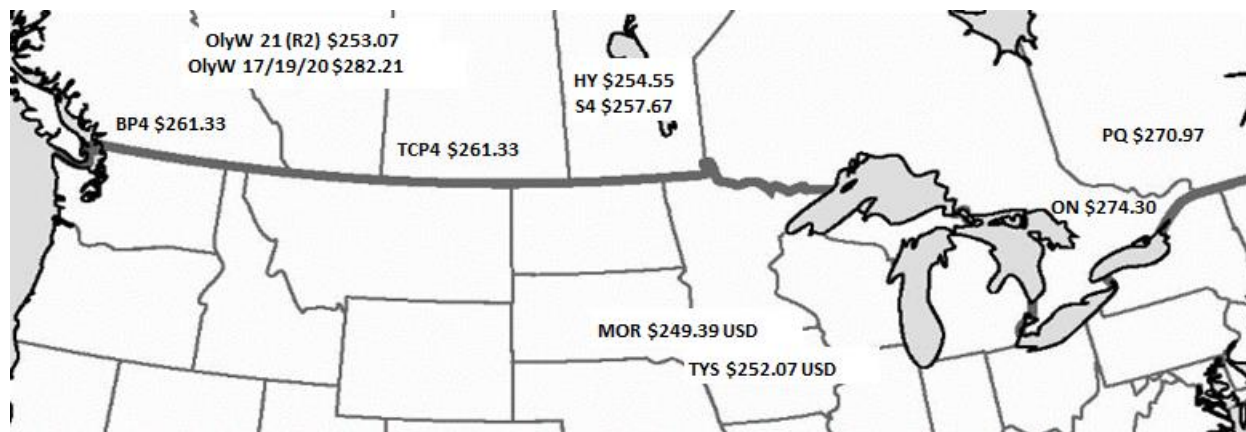
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 7-May-21	Difference to OlyW21
OlyW 2021 (R2)**	\$188.45		\$216.64		\$230.64		\$253.07	
OlyW 17/19/20*	\$180.93	-\$7.52	\$227.68	\$11.04	\$245.59	\$14.95	\$282.21	\$29.15
ML Sig 4	\$184.12	-\$4.33	\$215.48	-\$1.16	\$230.66	\$0.02	\$257.67	\$4.61
BP4/TCP4	\$185.05	-\$3.40	\$211.48	-\$5.16	\$226.26	-\$4.38	\$261.33	\$8.26
Hylife	\$188.69	\$0.23	\$219.65	\$3.01	\$232.55	\$1.91	\$254.55	\$1.48
Ontario***	\$181.95	-\$6.51	\$222.74	\$6.11	\$241.20	\$10.56	\$274.30	\$21.24
Québec	\$192.33	\$3.88	\$226.98	\$10.34	\$241.41	\$10.77	\$270.97	\$17.90
Tyson (USD)	\$131.70	-\$56.75	\$177.42	-\$39.22	\$198.30	-\$32.34	\$252.07	-\$0.99
John Morrell (USD)	\$124.48	-\$63.97	\$174.51	-\$42.13	\$195.34	-\$35.30	\$249.39	-\$3.68

*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

Canadian monitored hog margins took a weaker turn this past week amid surging feed costs and hog values weighed down by the CAN/US exchange. Canadian farrow-to-finish feed costs jumped more than \$5/hog while those in the monitored US region were up \$5.75/hog from week earlier.

Hog margins out of the OlyW 20 continue to maintain the strongest levels north of the border, down \$8 to \$69.50/hog profits. Ontario weakened \$4.50 to \$61/hog profits, while Quebec margins weakened \$7.25 to \$57.25/hog profits. ML Sig 4 margins fell \$7 to more than \$47.50/hog profits while Hylife weakened near \$6.50 to \$44.50/hog profits and the OlyW 21 dropped \$12.50 to \$40.25/hog. In the US, Tyson hog margins strengthened near \$3.75 to \$93.25/hog profits while JM margins were up more than \$4.25 to \$92.25/hog profits from a week earlier.

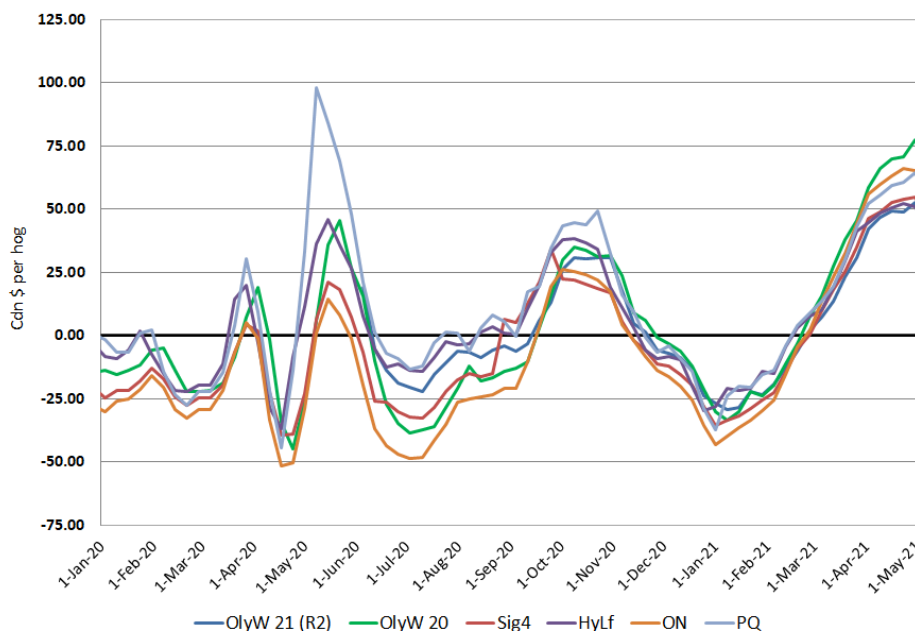
Regional MARGINS, \$/hog						
Packer/Region	7-May-21 Hog Price	Feed*	Farrow to Finish		Total COP	Weekly Margin
			Variable	Fixed		
OlyW 20/Alberta	\$282.21	\$153.21	\$39.45	\$20.05	\$212.71	\$69.50
OlyW 21 (R2)/Alberta	\$253.07	\$153.21	\$39.45	\$20.05	\$212.71	\$40.36
ML Sig 4/Manitoba	\$257.67	\$150.95	\$39.54	\$19.55	\$210.04	\$47.63
Hylife/Manitoba	\$254.55	\$150.96	\$39.54	\$19.55	\$210.05	\$44.50
Ontario	\$274.30	\$148.89	\$40.71	\$23.76	\$213.36	\$60.94
Québec	\$270.97	\$151.58	\$40.50	\$21.65	\$213.73	\$57.24
Tyson (USD)/Iowa	\$252.07	\$113.53	\$28.70	\$16.57	\$158.80	\$93.27
John Morrell (USD)/ND	\$249.39	\$111.80	\$28.70	\$16.57	\$157.07	\$92.32

* Feed costs standardized for a 285 pound market hog

Tyson: \$93.27 USD x 1.2096 = \$112.82 CAD

Morrell: \$92.32 USD x 1.2096 = \$111.67 CAD

Canadian Margins 2020-2021



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