



Weekly Regional HOG PRICE Report



Things to Consider....

Renewed strength in cash hog markets and lean hog futures has been a result of a strong pork market which has now surpassed the record highs registered in 2020 which was the result of pork processing plant closures and delays in product availability. As illustrated by the USDA cutout graph 2021 pork value gains have been nearly linear with positive movement starting in January and carrying forward to the highs registered in early June. Although certain cuts like loins have not surpassed 2020 other parts of the carcass have made tremendous gains recording unseasonal highs earlier in the year than normal. In recent days, cut-out has shown signs of reaching a potential top for the year but prices remain well above the 5-year average.

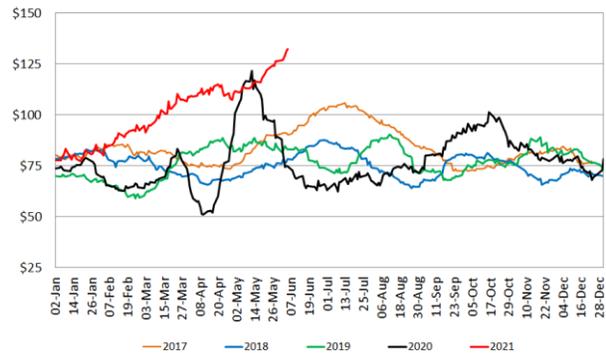
So far in 2021 there have been a few disruptions in Canadian slaughter levels, notably in May however US processors have been successful in keeping the chains moving and capacity to near the allowable maximum relative to supply.

With Canadian slaughter levels expected to maintain similar levels to 2020 and US levels tracking between 2019 and 2020 levels, capacity (like previous years) is not projected to be a major bottle neck to pork production once into the 4th quarter.

With weekly capacity south of the border now over 2.700 Million and Canadian capacity surpassing 450,000, slaughter projections for late in 2021 are not expected to test capacity providing underlying support to the overall market and meat price. Markets will remain volatile however a firm tone is expected to continue through the summer months.

June 1, 2021

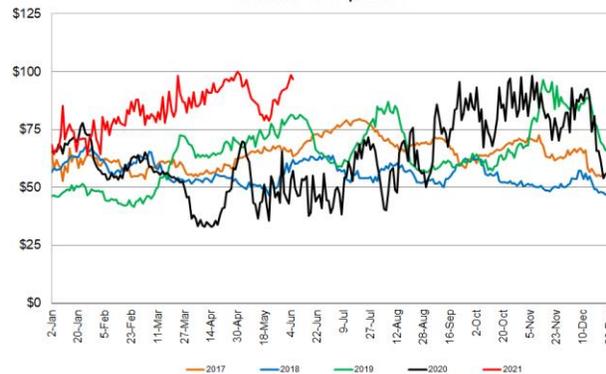
USDA Cutout US\$/cwt



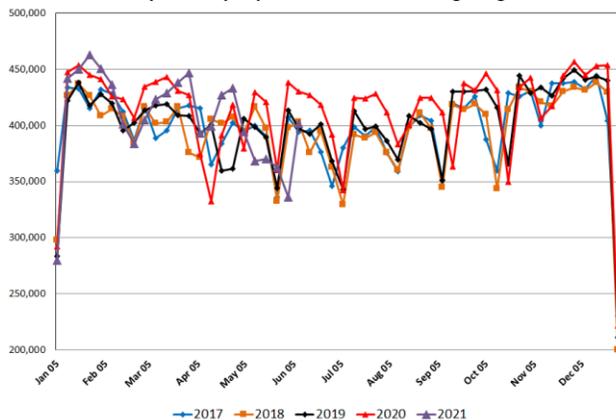
Loins US\$/cwt



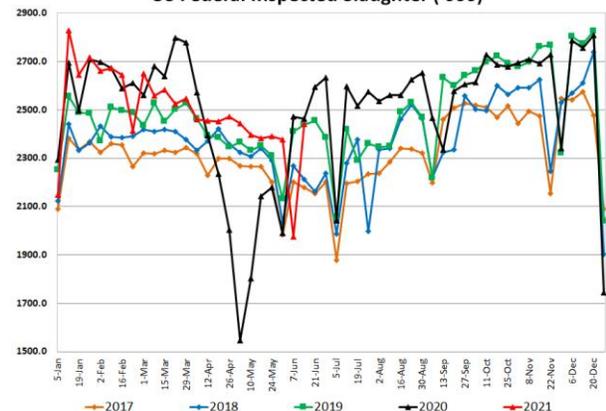
Hams US\$/cwt



Weekly Federally Inspected Canadian Total Hog Slaughter



US Federal Inspected Slaughter ('000)



Weekly Hog Price Recap

Regional and national cash hogs declined throughout the week with greater declines recorded mid-week, while CME cash recorded more moderate daily moves however was higher each day. Wholesale pork values improved across all primals with hams, butts and bellies up the strongest. US pork cutout finished \$6.59/cwt over the week previous.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	28-May-21	Head	21-May-21		
ISM pm		\$113.46		\$117.31	-\$3.85	-3.3%
WCB pm		\$113.16		\$117.18	-\$4.02	-3.4%
Nat pm		\$108.13		\$111.83	-\$3.70	-3.3%
CME Index*		\$112.61		\$111.54	\$1.07	1.0%
Sows, 300-449lbs	11,922	\$52.90	12,888	\$57.04	-\$4.14	-7.3%
Sows, 500+ lbs	12,893	\$58.62	12,151	\$62.71	-\$4.09	-6.5%
BoC Exch		1.2082		1.2073	0.0009	0.1%

* Represents Friday-Thursday average

Canadian market hog values improved overall with those out of Hylife up the most, rising \$9/hog. Values out of Ontario and the OlyW 21 were each near \$3/hog higher, followed by BP/TC which was up \$2/hog. ML Sig 4 climbed \$1.50/hog higher while hog values out of Quebec were up \$1.25/hog. Only the OlyW 20 recorded a decline north of the border, edging \$0.25/hog lower. In the US, Tyson dropped \$7.75/hog while JM fell \$8.25/hog from the previous week.

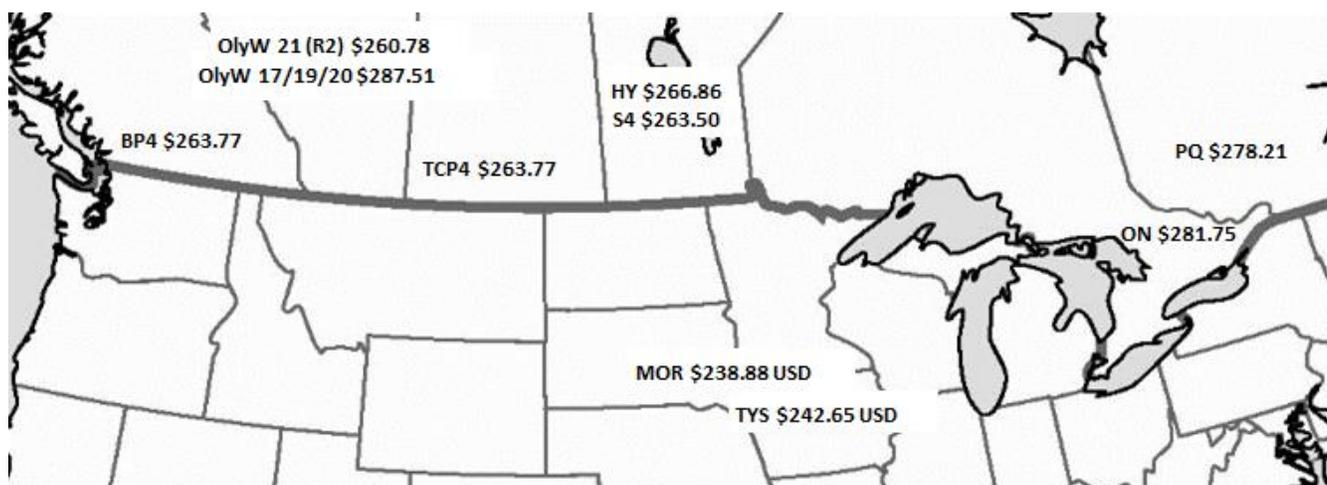
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 28-May-21	Difference to OlyW21
OlyW 2021 (R2)**	\$190.07		\$222.48		\$244.08		\$260.78	
OlyW 17/19/20*	\$182.68	-\$7.39	\$236.18	\$13.69	\$264.97	\$20.89	\$287.51	\$26.73
ML Sig 4	\$185.84	-\$4.23	\$222.09	-\$0.39	\$245.79	\$1.70	\$263.50	\$2.72
BP4/TCP4	\$186.83	-\$3.24	\$218.64	-\$3.84	\$242.61	-\$1.47	\$263.77	\$2.99
Hylife	\$190.37	\$0.30	\$225.53	\$3.05	\$245.43	\$1.35	\$266.86	\$6.09
Ontario***	\$183.99	-\$6.08	\$230.83	\$8.35	\$259.49	\$15.41	\$281.75	\$20.97
Québec	\$194.39	\$4.32	\$234.06	\$11.58	\$256.90	\$12.82	\$278.21	\$17.43
Tyson (USD)	\$133.91	-\$56.17	\$187.85	-\$34.63	\$222.00	-\$22.08	\$242.65	-\$18.13
John Morrell (USD)	\$126.68	-\$63.40	\$184.87	-\$37.61	\$217.65	-\$26.44	\$238.88	-\$21.90

*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 hog margins improved significantly this past week, supported by a reduction in feed costs. Canadian farrow-to-finish feed costs declined \$1.75/hog while those in the monitored US region fell modestly less at \$1.50/hog lower than a week earlier.

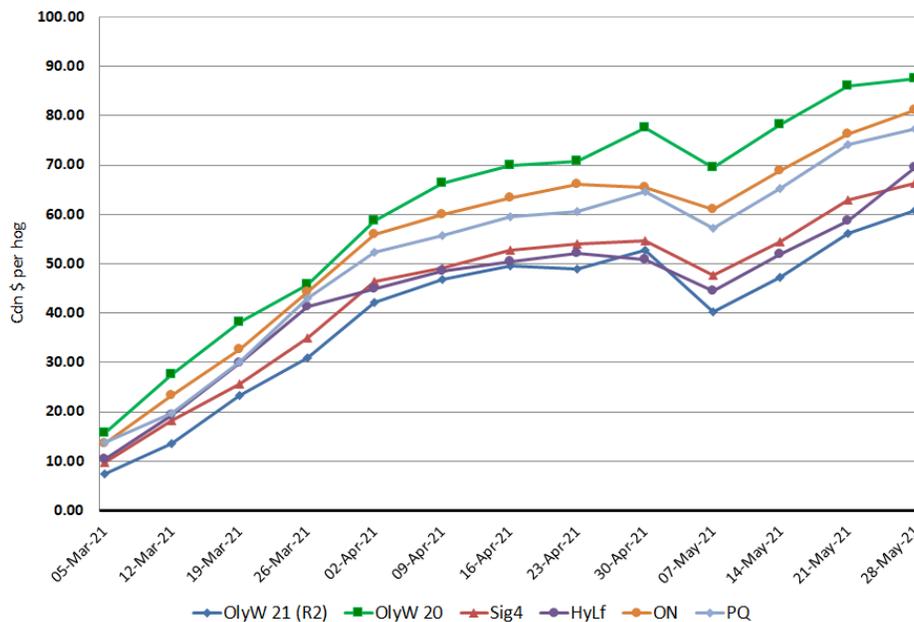
Hog margins out of the OlyW 20 were up \$1.50 to \$87.50/hog profits, followed by margins out of Ontario which strengthened shy of \$5 to \$81.25/hog profits and Quebec which increased \$3 to \$77.25/hog profits. Hylife was up more than \$10.75 to \$69.50/hog profits while the ML Sig 4 strengthened \$3.25 to \$66.25/hog profits and the OlyW 21 was up \$4.75 to nearly \$61/hog profits. In the US, Tyson hog margins weakened \$5.50 to \$93.75/hog profits while JM margins declined \$6.75 to \$91.75/hog profits from a week earlier.

Regional MARGINS, \$/hog						
Packer/Region	28-May-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$287.51	\$140.43	\$39.45	\$20.05	\$199.93	\$87.58
OlyW 21 (R2)/Alberta	\$260.78	\$140.43	\$39.45	\$20.05	\$199.93	\$60.85
ML Sig 4/Manitoba	\$263.50	\$138.17	\$39.54	\$19.55	\$197.26	\$66.24
Hylife/Manitoba	\$266.86	\$138.18	\$39.54	\$19.55	\$197.27	\$69.59
Ontario	\$281.75	\$136.11	\$40.71	\$23.76	\$200.58	\$81.17
Québec	\$278.21	\$138.80	\$40.50	\$21.65	\$200.95	\$77.26
Tyson (USD)/Iowa	\$242.65	\$103.54	\$28.70	\$16.57	\$148.81	\$93.84
John Morrell (USD)/ND	\$238.88	\$101.81	\$28.70	\$16.57	\$147.08	\$91.80

* Feed costs standardized for a 285 pound market hog

Tyson: \$93.84 USD x 1.204 = \$112.98 CAD
 Morrell: \$91.80 USD x 1.204 = \$110.53 CAD

Canadian Margins Last 13 weeks



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