



Weekly Regional HOG PRICE Report



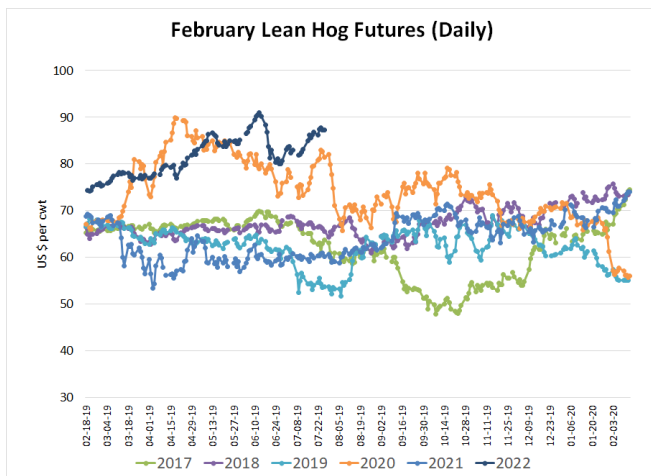
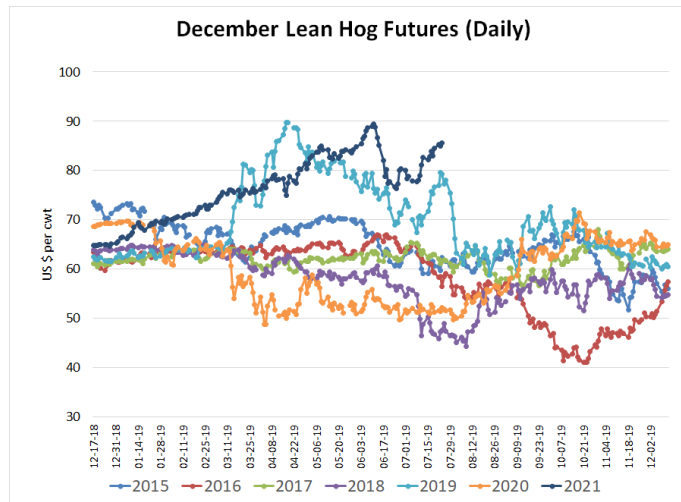
Things to Consider....

July 20, 2021

Lean hog futures have returned to within a few dollars of contract highs registered back in June of this year. Fourth quarter 2021 and first quarter 2022 contracts as illustrated with the Dec21 and Feb22 graphs show just how much the market has recovered from the sharp collapse in late June and early July.

The graphs shown here reviewing historical daily futures put into perspective the premium of each contract relative to history. It should be noted that the market does expect lower pork production for later this year and exports remain robust however, futures are well above historical levels for this time of the year and are only a couple dollars away from all-time highs for the respective contracts.

Producers looking to reduce exposure for the remainder of 2021 and the start of 2022 should use recent activity and forward contracting values as an opportunity to manage risk.



Weekly Hog Price Recap

Regional and national cash hogs improved for much of the week, with the strongest daily gains recorded Wednesday. CME cash improved daily and was generally up consistently throughout the week. Wholesale pork values improved overall except butts and ribs which fell, while the pork cutout averaged \$3.27/cwt over the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	16-Jul-21	Head	9-Jul-21		
ISM pm		\$115.68		\$113.01	\$2.67	2.4%
WCB pm		\$115.50		\$113.77	\$1.73	1.5%
Nat pm		\$111.29		\$110.29	\$1.01	0.9%
CME Index*		\$111.00		\$110.11	\$0.89	0.8%
Sows, 300-449lbs	8,971	\$60.27	10,109	\$56.25	\$4.02	7.1%
Sows, 500+ lbs	10,073	\$67.94	10,659	\$63.88	\$4.06	6.4%
BoC Exch		1.2529		1.2456	0.0073	0.6%

* Represents Friday-Thursday average

Market hog values generally strengthened \$1-\$4 per hog, with those out of Ontario up the most at \$4.40/hog higher. Hylife rose \$2/hog while hog values out of Quebec improved \$1.40/hog. The OlyW 20 and BP/TC each climbed \$1/hog, while the OlyW 21 edged \$0.50/hog higher and the Sig 4 was nearly stable. In the US, Tyson was up \$0.30/hog while JM rose closer to \$3.50/hog from the previous week.

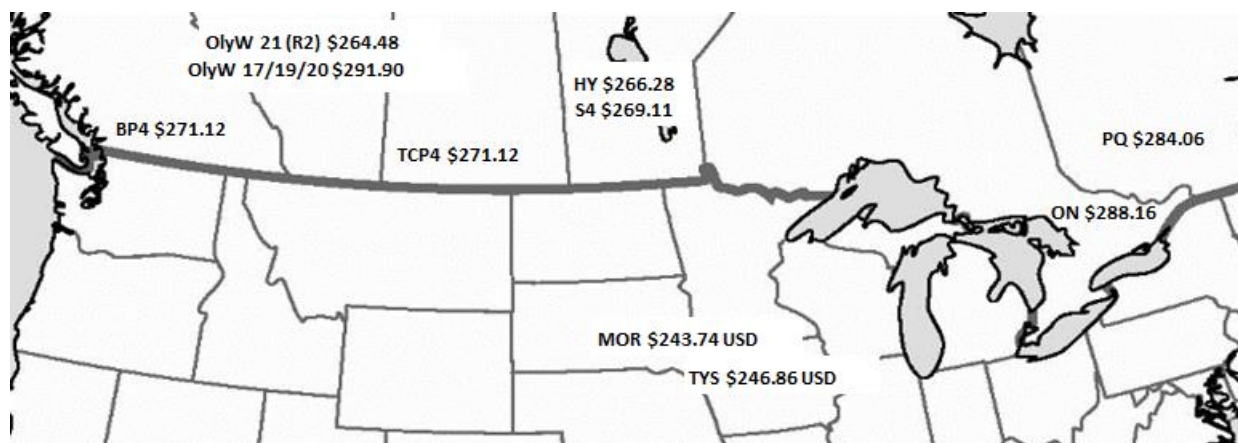
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 16-Jul-21	Difference to OlyW21
OlyW 2021 (R2)**	\$193.22		\$234.84		\$265.37		\$264.48	
OlyW 17/19/20*	\$185.83	-\$7.39	\$252.26	\$17.42	\$293.04	\$27.67	\$291.90	\$27.42
ML Sig 4	\$188.93	-\$4.29	\$235.07	\$0.23	\$267.57	\$2.20	\$269.11	\$4.63
BP4/TCP4	\$190.20	-\$3.02	\$232.76	-\$2.08	\$268.15	\$2.78	\$271.12	\$6.64
Hylife	\$193.43	\$0.21	\$237.38	\$2.54	\$265.75	\$0.38	\$266.28	\$1.80
Ontario***	\$187.64	-\$5.58	\$246.39	\$11.55	\$285.43	\$20.06	\$288.16	\$23.68
Québec	\$198.10	\$4.88	\$248.18	\$13.34	\$282.74	\$17.37	\$284.06	\$19.58
Tyson (USD)	\$137.97	-\$55.25	\$204.43	-\$30.41	\$250.63	-\$14.74	\$246.86	-\$17.63
John Morrell (USD)	\$130.81	-\$62.41	\$201.86	-\$32.98	\$248.06	-\$17.31	\$243.74	-\$20.75

*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 were mixed on the week, with modest improvement in hog values offset by a rise in feed costs. Canadian farrow-to-finish feed costs climbed more than \$1/hog while those in the monitored US region were up \$0.85/hog from a week earlier.

Hog margins out of the OlyW 20 continue as the strongest monitored in Canada at nearly \$92.50/hog profits. Ontario hog margins improved \$3.30 to \$88/hog profits, while those out of Quebec climbed \$0.30 to \$83.50/hog profits. ML Sig 4 margins weakened \$1.25 to \$72.25/hog profits, while Hylife was up \$1 to \$69.50/hog profits and the OlyW 21 fell \$0.60 to \$65/hog profits. In the US, Tyson edged up modestly to \$101/hog profits while JM margins improved \$2.75 to \$99.50/hog profits.

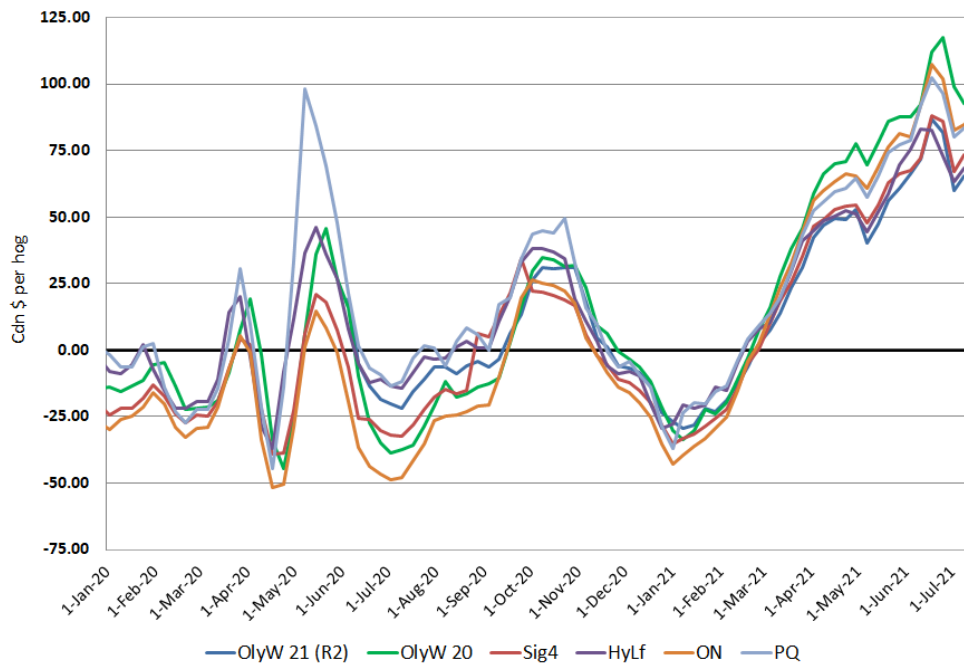
Regional MARGINS, \$/hog						
Packer/Region	16-Jul-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$291.90	\$139.99	\$39.45	\$20.05	\$199.49	\$92.41
OlyW 21 (R2)/Alberta	\$264.48	\$139.99	\$39.45	\$20.05	\$199.49	\$64.99
ML Sig 4/Manitoba	\$269.11	\$137.73	\$39.54	\$19.55	\$196.82	\$72.29
Hylife/Manitoba	\$266.28	\$137.74	\$39.54	\$19.55	\$196.83	\$69.45
Ontario	\$288.16	\$135.67	\$40.71	\$23.76	\$200.14	\$88.02
Québec	\$284.06	\$138.36	\$40.50	\$21.65	\$200.51	\$83.55
Tyson (USD)/Iowa	\$246.86	\$100.63	\$28.70	\$16.57	\$145.90	\$100.96
John Morrell (USD)/ND	\$243.74	\$98.90	\$28.70	\$16.57	\$144.17	\$99.57

* Feed costs standardized for a 285 pound market hog

Tyson: \$100.96 USD x 1.273 = \$128.52 CAD

Morrell: \$99.57 USD x 1.273 = \$126.75 CAD

Canadian Margins 2020-2021



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