



Weekly Regional HOG PRICE Report



Things to Consider....

June 29, 2021

In the last week in June, the USDA's Quarterly Hogs & Pigs report was released and outlined higher inventories overall than anticipated by market analysts' pre-report estimates.

Market hogs in both weight groups for animals under 120 pounds were very near pre-report estimates, however the latest inventory numbers from the USDA reflect a greater number of markets in categories above 120 pounds than forecasted.

All Hogs & Pigs declined 740 thousand from the previous quarter which brings the category 1,711 thousand head under last year, with the June 2020 report notably recording many highs for the June report historically.

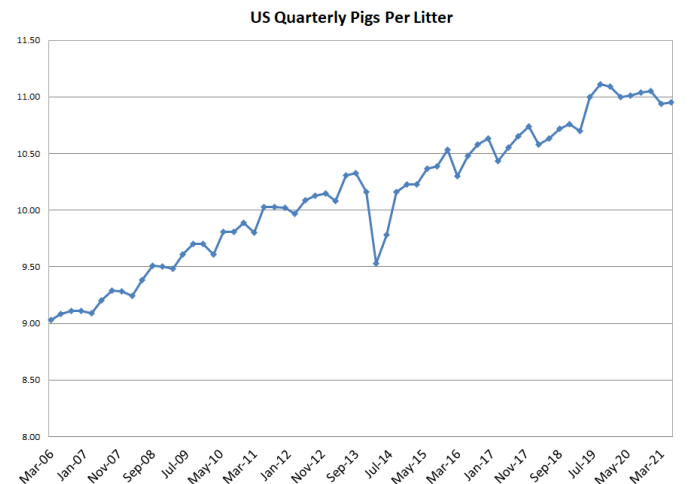
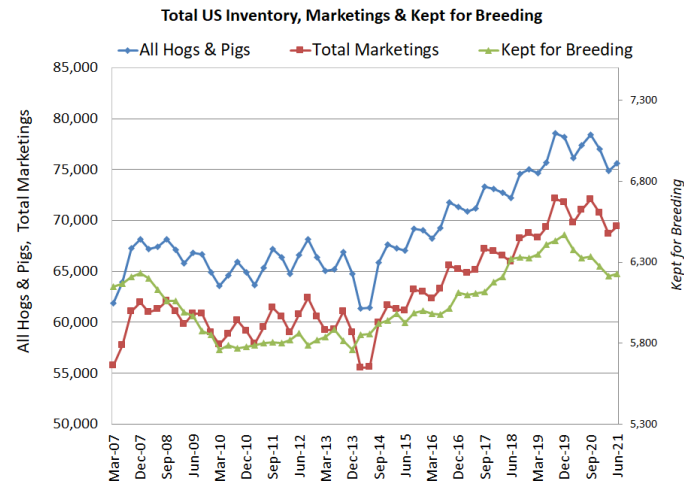
Market hogs were down 725 thousand head from levels reported for March, and is 1,615 thousand head under last year.

Kept for breeding was down 15 thousand head from the last quarter, bringing the breeding herd 96 thousand head under year ago levels.

Although numbers came in above industry estimates the levels were considered neutral as volumes are still being reported below the year ago levels. All market hog categories are still projected to come in roughly 3% below last year which continues to support current pricing for the lean hog market.

Pigs per litter which typically is not influenced by market price has also seen a plateau around 11 with the average dropping just below that volume in the latest report. Disease pressure and the potential of an older sow herd as producers reduced replacements in early 2020 could be reasoning for the decline in the numbers.

Quarterly H&P - Jun 2021	2020	2021	%21/20	Est	%Act-Est
All Hogs and Pigs	77,364	75,653	97.8%	96.5%	1.3%
Kept for Breeding	6,326	6,230	98.5%	98.2%	0.3%
Market Hogs	71,038	69,423	97.7%	96.3%	1.4%
Mkt hog Wt. Groups					
Under 50 pounds	22,110	21,474	97.1%	97.2%	(0.1%)
50-119 pounds	19,890	19,349	97.3%	97.3%	(0.0%)
120-179 pounds	15,240	15,010	98.5%	95.5%	3.0%
180 pounds and over	13,797	13,589	98.5%	95.7%	2.8%
Mar-May Pig Crop	34,644	33,584	96.9%	97.5%	(0.6%)
Mar-May Pigs per Litter	11.00	10.95	99.5%	100.2%	(0.7%)
Sows Farrowing					
2021 Mar-May	3,149	3,067	97.4%	97.3%	0.1%
2021 Jun-Aug Intentions	3,260	3,115	95.6%	96.9%	(1.3%)
2021 Sep-Nov Intentions	3,142	3,084	98.2%	98.6%	(0.4%)



Weekly Hog Price Recap

Regional cash hogs declined daily while national cash hogs initially improved however turned lower into the latter part of the week. CME cash also improved early on however more moderately, and faced declines the balance of the week. Wholesale pork values fell among all primals, weighing pork cutout \$11.55/cwt lower or -9.4% under the previous week.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	25-Jun-21	Head	18-Jun-21		
ISM pm		\$131.11		\$130.06	\$1.05	0.8%
WCB pm		\$130.98		\$129.85	\$1.13	0.9%
Nat pm		\$123.81		\$120.81	\$3.00	2.5%
CME Index*		\$118.81		\$121.81	-\$3.00	-2.5%
Sows, 300-449lbs	12,164	\$48.31	12,024	\$47.56	\$0.75	1.6%
Sows, 500+ lbs	13,391	\$54.94	13,127	\$53.32	\$1.62	3.0%
BoC Exch		1.2326		1.2256	0.0070	0.6%

* Represents Friday-Thursday average

Canadian market hog values generally weakened by \$4-\$7/hog on the week, excluding Hylife which dropped \$11.50/hog from a week earlier. The ML Sig 4 fell more than \$3.75/hog, followed by hog values out of Ontario and Quebec which were down \$7 & \$7.50 per hog respectively. Markets derived from lagged base pricing such as the OlyW 20 improved \$4/hog while the OlyW 21 fell \$6.75/hog from a week earlier, and the BP/TC jumped \$10.50/hog. In the US, hog values improved with Tyson up more than \$12/hog while JM was up \$2.25/hog from the previous week.

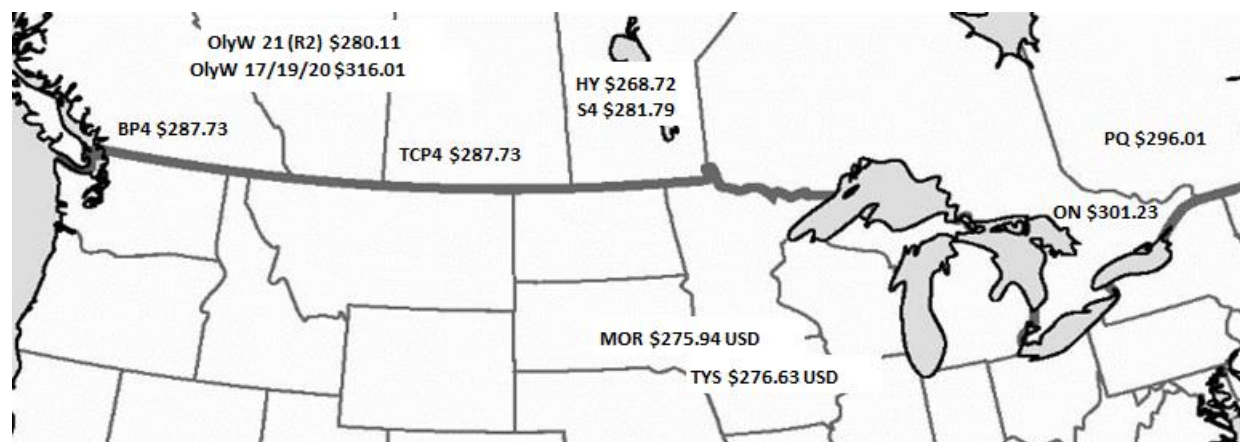
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 25-Jun-21	Difference to OlyW21
OlyW 2021 (R2)**	\$192.31		\$231.40		\$261.63		\$280.11	
OlyW 17/19/20*	\$184.97	-\$7.34	\$247.10	\$15.70	\$286.44	\$24.82	\$316.01	\$35.91
ML Sig 4	\$188.05	-\$4.26	\$231.01	-\$0.39	\$262.84	\$1.21	\$281.79	\$1.68
BP4/TCP4	\$189.13	-\$3.17	\$227.69	-\$3.71	\$260.87	-\$0.75	\$287.73	\$7.62
Hylife	\$192.57	\$0.27	\$234.08	\$2.68	\$261.58	-\$0.04	\$268.72	-\$11.39
Ontario***	\$186.58	-\$5.73	\$241.61	\$10.20	\$279.84	\$18.21	\$301.23	\$21.12
Québec	\$197.05	\$4.75	\$243.89	\$12.49	\$276.88	\$15.25	\$296.01	\$15.90
Tyson (USD)	\$136.53	-\$55.77	\$198.79	-\$32.61	\$242.78	-\$18.84	\$276.63	-\$3.48
John Morrell (USD)	\$129.36	-\$62.95	\$196.72	-\$34.68	\$240.23	-\$21.40	\$275.94	-\$4.17

*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 weakened overall with lower hog values partially offset by a fall in feed costs. Canadian farrow-to-finish feed costs were down nearly \$1.75/hog while those in the monitored US region fell closer to \$1.25/hog from a week earlier.

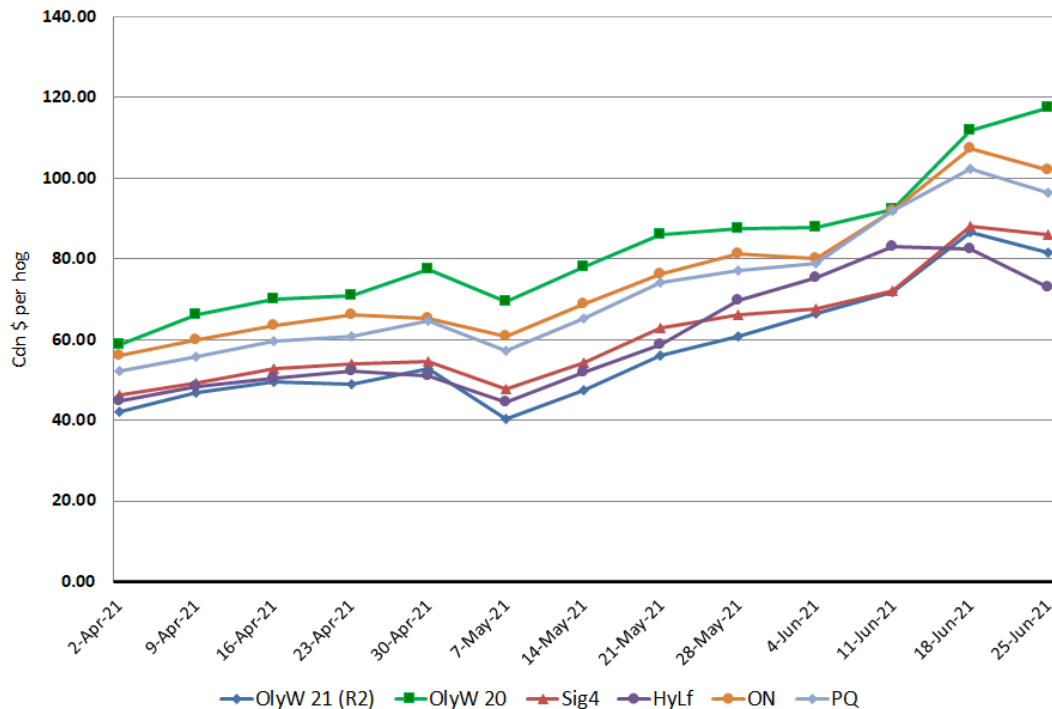
Margins out of the OlyW 20 strengthened more than \$5.50 to \$117.50/hog profits, followed by margins out of Ontario which weakened more than \$5.25 to \$102/hog profits. Quebec hog margins were down \$5.75 to \$96.50/hog profits. ML Sig 4 margins weakened \$2 to \$86/hog profits, while the OlyW 21 declined \$5 to \$81.50/hog profits and Hylife dropped \$9.75 to more than \$72.75/hog profits. In the US, Tyson hog margins strengthened \$14 to \$129/hog profits while JM margins rose nearly \$3.75 to \$130/hog profits.

Regional MARGINS, \$/hog						
Packer/Region	25-Jun-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$316.01	\$139.03	\$39.45	\$20.05	\$198.53	\$117.48
OlyW 21 (R2)/Alberta	\$280.11	\$139.03	\$39.45	\$20.05	\$198.53	\$81.58
ML Sig 4/Manitoba	\$281.79	\$136.77	\$39.54	\$19.55	\$195.86	\$85.93
Hylife/Manitoba	\$268.72	\$136.78	\$39.54	\$19.55	\$195.87	\$72.85
Ontario	\$301.23	\$134.71	\$40.71	\$23.76	\$199.18	\$102.05
Québec	\$296.01	\$137.40	\$40.50	\$21.65	\$199.55	\$96.46
Tyson (USD)/Iowa	\$276.63	\$102.28	\$28.70	\$16.57	\$147.55	\$129.08
John Morrell (USD)/ND	\$275.94	\$100.55	\$28.70	\$16.57	\$145.82	\$130.12

* Feed costs standardized for a 285 pound market hog

Tyson: \$129.08 USD x 1.2384 = \$159.85 CAD
 Morrell: \$130.12 USD x 1.2384 = \$161.14 CAD

Canadian Margins Last 13 weeks



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