

Things to Consider....

Cash hog markets around the world have traded in various directions over the last 2 years depending on a country's health status, domestic demand, and related supply issues.

As illustrated in the graphs shown, Canadian hog prices near \$2.60 – \$2.70 CAD/kg are amongst the highest around the world when currency is standardized. With all reported values converted to Canadian dollars, it provides further insight to the comparable valuation of pig prices abroad.

Pig prices in China, when converted to CAD, have plummeted from \$7.00 per kg at the start of 2021 to \$2.55 in late June and only recently returned to around \$3.00 per kg in the first week in August. US prices, also reported in CAD reached \$3.50 per kg in June, trending in the exact opposite direction to China from the beginning of the year with the last month and a half showing signs of weakness and prices dropping below the \$2.80 per kg mark for the first time since March.

In Spain, the #1 pork exporter in the world by value (see below), prices have been relatively stable trading between \$1.70 - \$2.40 CAD per kg since early 2020. Recently however over the last 60 days, hog prices in Spain have declined from \$2.30 CAD per kg to \$1.80.

Canadian hog markets will not be able to sustain continued weakness in other markets around the world for much longer. With demand concerns continuing to mount and supply numbers expected to seasonally rise, producers should prepare for lower cash markets heading into the back half of the year.

Below are the 15 countries that exported the highest dollar value worth of pork during 2020.

1. Spain: US\$6.5 billion (17.4% of total pork exports)
2. United States: \$6 billion (16.1%)
3. Germany: \$4.7 billion (12.8%)
4. Canada: \$3.2 billion (8.5%)
5. Denmark: \$3.1 billion (8.4%)
6. Netherlands: \$2.9 billion (7.9%)
7. Brazil: \$2.1 billion (5.7%)
8. Belgium: \$1.4 billion (3.8%)
9. France: \$1.2 billion (3.2%)
10. Mexico: \$880 million (2.4%)
11. Poland: \$879.4 million (2.4%)
12. Chile: \$724.9 million (2%)
13. Ireland: \$544.1 million (1.5%)
14. United Kingdom: \$538.8 million (1.5%)
15. Austria: \$420.8 million (1.1%)

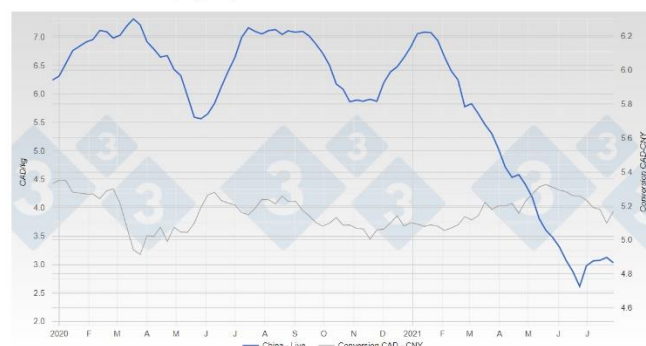
By value, the listed 15 countries shipped 94.7% of global pork exports in 2020.

Among the top exporters, the fastest-growing pork exporters from 2019 to 2020 were: Brazil (up 44.1%), Chile (up 40.5%), Mexico (up 26.2%) and Spain (up 25.9%).

August 3, 2021

Source: pig333.com

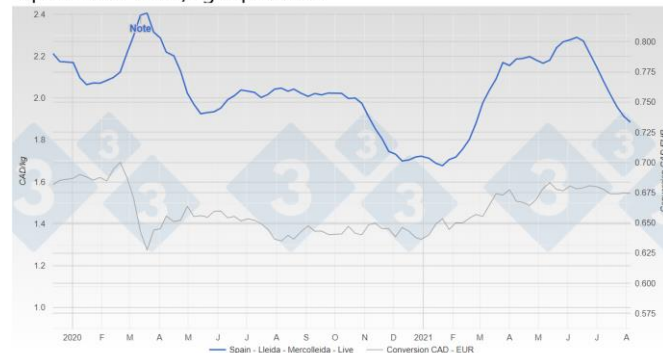
China Live- CAD/kg equivalent



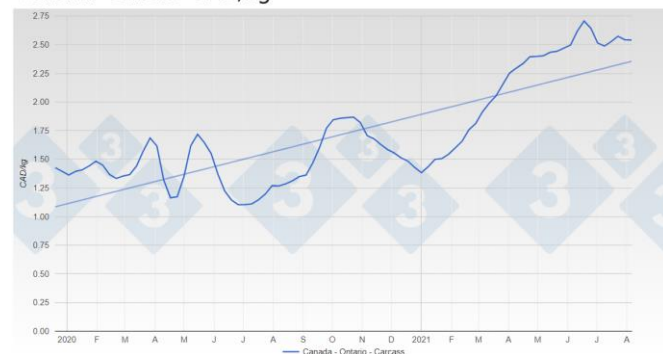
USA- Carcass CAD/kg equivalent



Spain- Live CAD/kg equivalent



Canada- Carcass CAD/kg



Weekly Hog Price Recap

Regional and national cash hogs fell daily with Tuesday down the most on the week. CME cash moved more moderately, recording modest gains most of the week and slight declines mid-week. Wholesale pork values were mixed to generally higher with only ribs averaging under week ago levels. US pork cutout was \$2.04/cwt over the previous week's average.

USD Cash Price	Weekly Averages					
	Head	30-Jul-21	Head	23-Jul-21	w/w	% Chg
ISM pm		\$108.18		\$112.39	-\$4.21	-3.7%
WCB pm		\$107.87		\$111.70	-\$3.84	-3.4%
Nat pm		\$105.39		\$108.90	-\$3.51	-3.2%
CME Index*		\$112.06		\$112.28	-\$0.22	-0.2%
Sows, 300-449lbs	12,362	\$76.83	12,244	\$68.58	\$8.25	12.0%
Sows, 500+ lbs	11,779	\$82.34	13,354	\$74.78	\$7.56	10.1%
BoC Exch		1.2521		1.2644	-0.0123	-1.0%

* Represents Friday-Thursday average

Market hog values varied, however were generally lower than last reported. The ML Sig 4 and hog values out of Ontario were each down \$3.50/hog, while those out of Quebec declined \$1.75/hog. Hylife climbed \$2.25/hog, while those out of the OlyW 20 were up \$3/hog and the OlyW 21 rose \$5/hog. BP/TC rose more than \$6.25/hog from a week prior. In the US, hog values out of Tyson and JM each fell \$8/hog from the previous week.

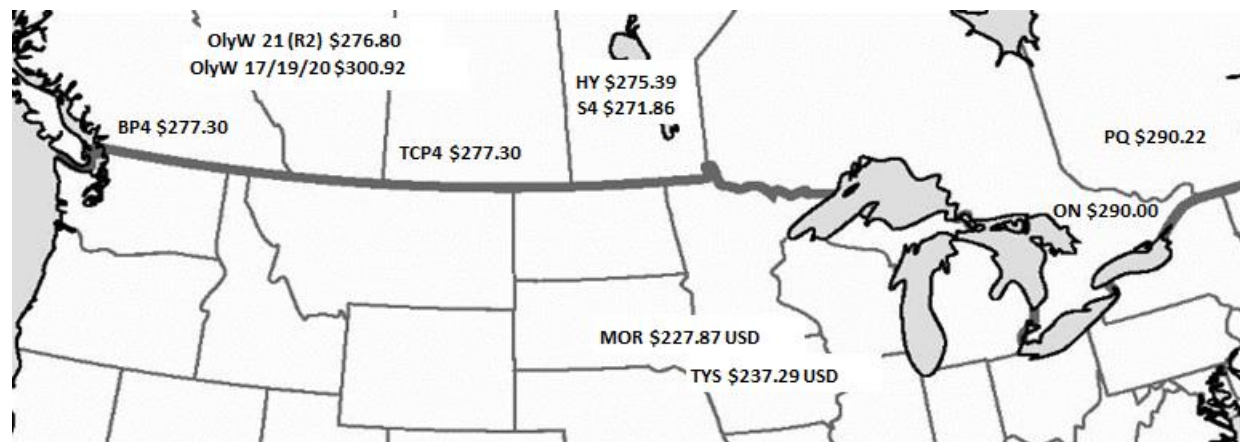
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 30-Jul-21	Difference to OlyW21
OlyW 2021 (R2)**	\$194.03		\$237.44		\$267.90		\$276.80	
OlyW 17/19/20*	\$186.69	-\$7.34	\$255.40	\$17.97	\$295.85	\$27.96	\$300.92	\$24.11
ML Sig 4	\$189.68	-\$4.34	\$237.64	\$0.20	\$269.86	\$1.96	\$271.86	-\$4.94
BP4/TCP4	\$190.91	-\$3.12	\$235.52	-\$1.91	\$270.80	\$2.90	\$277.30	\$0.50
Hylife	\$194.26	\$0.23	\$239.83	\$2.39	\$268.58	\$0.68	\$275.39	-\$1.42
Ontario***	\$188.56	-\$5.47	\$249.41	\$11.97	\$288.24	\$20.35	\$290.00	\$13.20
Québec	\$199.00	\$4.98	\$251.04	\$13.61	\$285.89	\$18.00	\$290.22	\$13.42
Tyson (USD)	\$138.92	-\$55.11	\$206.90	-\$30.53	\$251.20	-\$16.70	\$237.29	-\$39.51
John Morrell (USD)	\$131.79	-\$62.24	\$203.86	-\$33.58	\$248.00	-\$19.89	\$227.87	-\$48.94

*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 generally strengthened largely due to a reduction in feed costs. Canadian farrow-to-finish feed costs dropped nearly \$3.50/hog while those in the monitored US region fell \$2/hog from a week earlier.

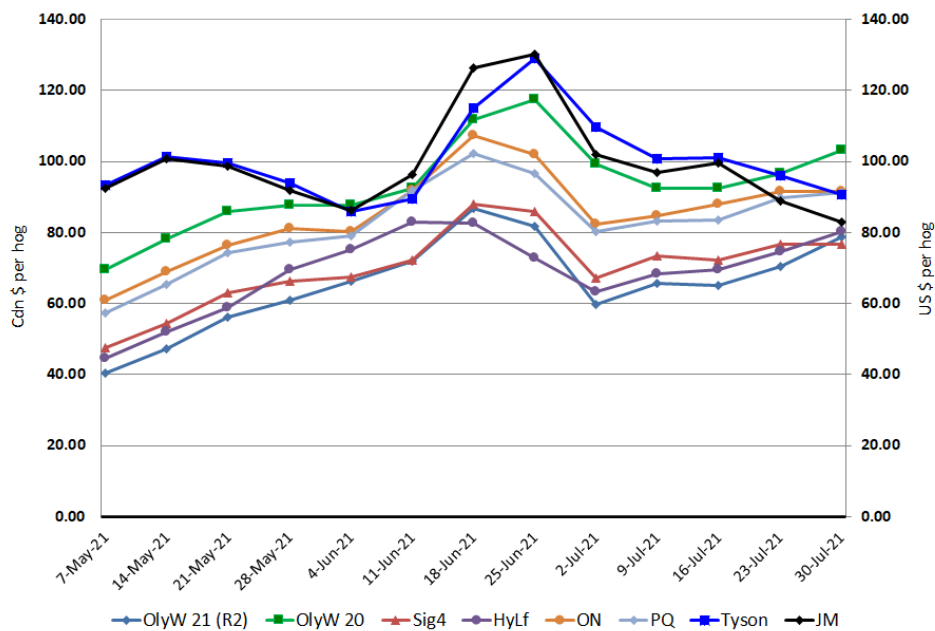
Hog margins out of the OlyW 20 strengthened \$6.35 to \$103/hog profits, while those out of Ontario were unchanged at \$91.40/hog profits and Quebec was up \$1.60 to \$91.25/hog profits. Hylife margins improved \$5.65 to \$80/hog profits, while the OlyW 21 strengthened \$8.40 to nearly \$79/hog profits and the ML Sig 4 was unchanged at \$76.60/hog profits. In the US, hog margins weakened with Tyson down \$5.35 to \$90.65/hog profits while JM margins fell \$6 to \$83/hog profits.

Regional MARGINS, \$/hog						
Packer/Region	30-Jul-21		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$300.92	\$138.44	\$39.45	\$20.05	\$197.94	\$102.98
OlyW 21 (R2)/Alberta	\$276.80	\$138.44	\$39.45	\$20.05	\$197.94	\$78.86
ML Sig 4/Manitoba	\$271.86	\$136.18	\$39.54	\$19.55	\$195.27	\$76.59
Hylife/Manitoba	\$275.39	\$136.19	\$39.54	\$19.55	\$195.28	\$80.11
Ontario	\$290.00	\$134.12	\$40.71	\$23.76	\$198.59	\$91.41
Québec	\$290.22	\$136.81	\$40.50	\$21.65	\$198.96	\$91.26
Tyson (USD)/Iowa	\$237.29	\$101.35	\$28.70	\$16.57	\$146.62	\$90.67
John Morrell (USD)/ND	\$227.87	\$99.62	\$28.70	\$16.57	\$144.89	\$82.98

* Feed costs standardized for a 285 pound market hog

Tyson: \$90.67 USD x 1.2545 = \$113.75 CAD
 Morrell: \$82.98 USD x 1.2545 = \$104.10 CAD

Canadian & US Margins Last 13 weeks



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