



Weekly Regional HOG PRICE Report



September 14, 2021

Things to Consider....

As the markets settle into the final quarter of 2021, a review of where the “funds” or “large specs” are parking their money can provide insight to potential market direction and movement going forward.

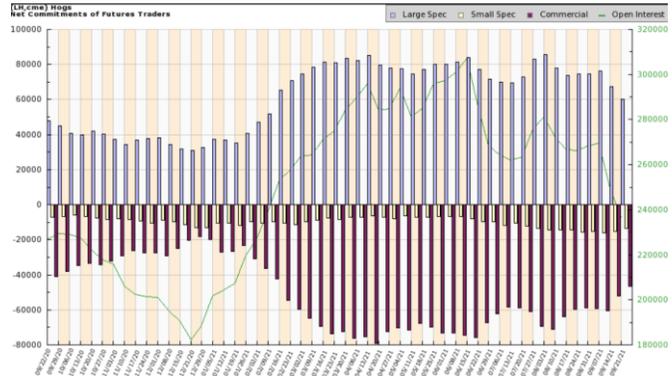
Of all the commodities that influence hog production, the most noticeable of fund participation, or lack there of, is in the soy complex. As can be seen by the soybean and soymeal Commitment of Traders graphs, the large speculative long position has been liquidating since early summer and is nearing a net neutral position heading into harvest. What these graphs illustrate is that “spec” traders are not willing to invest (go long/buy) into the market as they would assume prices are declining and would rather be neutral or short the market. For hog producers, this is positive news as the trend currently remains steady to weak for the protein complex which could provide a much-needed break to feed costs. The bottom graph, illustrating the specs position in corn, shows a similar trend with spec traders easing up on the long position since the beginning of planting season. These graphs are not a certainty of lower futures markets but do provide a tone to the market and potential direction for later this year and into the start of 2022.

The COT graph for lean hogs shown at the top portray major investment from the large spec starting in Jan/Feb of 2021 with the tone becoming less supportive during the past couple months with liquidation beginning as early as mid June. That liquidation has been felt in the lean hog futures as shown in the Dec lean hog contract below. The trend has obviously shifted to a lower bias however recent USDA H&P numbers are going to provide some short-term strength in the coming weeks providing an excellent opportunity for producers to hedge fall production at historically high levels.

December Lean Hogs



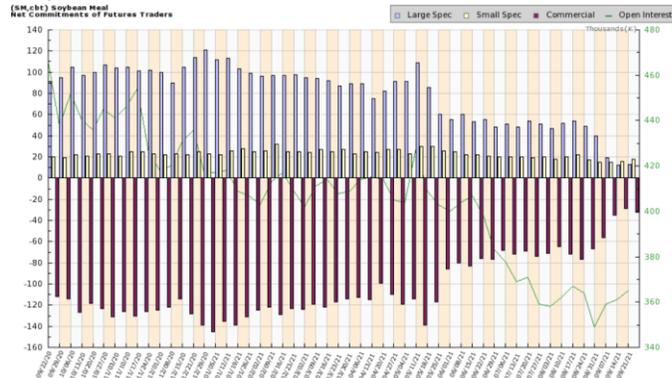
Lean Hogs



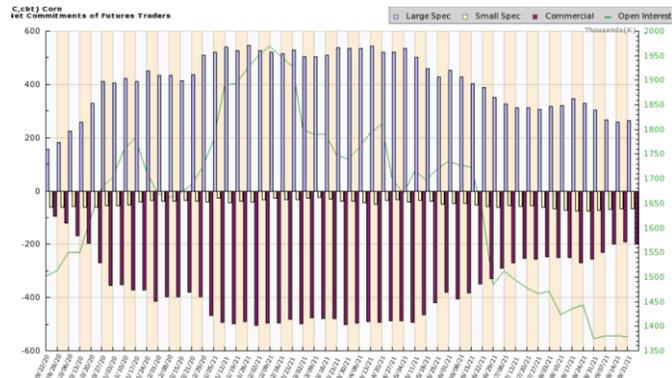
Soybeans



Soymeal



Corn



Weekly Hog Price Recap

Regional cash hogs again declined daily while national cash was lower throughout most of the holiday-shortened week, with cash hogs down heaviest Tuesday. CME cash also declined daily with lighter daily declines at the end of the week. Wholesale pork primals were generally lower throughout much of the week however were mixed from the weekly averages. US pork cutout was \$1.07/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	10-Sep-21	Head	3-Sep-21		
ISM pm		\$91.84		\$96.00	-\$4.16	-4.3%
WCB pm		\$91.72		\$95.84	-\$4.12	-4.3%
Nat pm		\$88.71		\$92.34	-\$3.63	-3.9%
CME Index*		\$98.43		\$102.23	-\$3.80	-3.7%
Sows, 300-449lbs	10,179	\$81.80	12,067	\$86.15	-\$4.35	-5.1%
Sows, 500+ lbs	10,640	\$87.84	12,083	\$91.95	-\$4.12	-4.5%
BoC Exch		1.2646		1.2584	0.0062	0.5%

* Represents Friday-Thursday average

Canadian market hog values declined generally \$7-\$11 per hog on the week. The OlyW 20 was down \$11.50/hog, while hog values out Quebec fell more than \$11/hog and the OlyW 21 declined near \$10.25/hog. BP/TC was down \$8.50/hog while the ML Sig 4 declined \$8.25/hog, and hog values out of Ontario fell \$8/hog followed by Hylife which declined more than \$7/hog. In the US, hog values out of Tyson fell \$7.25/hog while JM declined \$8.50/hog from week ago levels.

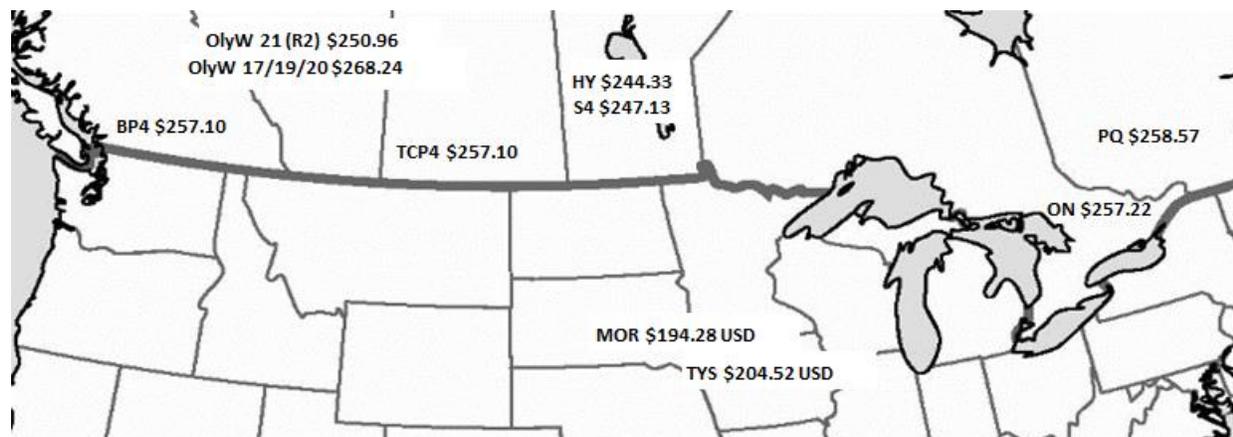
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 10-Sep-21	Difference to OlyW21
OlyW 2021 (R2)**	\$197.68		\$242.58		\$270.79		\$250.96	
OlyW 17/19/20*	\$191.21	-\$6.48	\$260.83	\$18.25	\$295.40	\$24.61	\$268.24	\$17.28
ML Sig 4	\$193.31	-\$4.37	\$241.80	-\$0.78	\$268.99	-\$1.81	\$247.13	-\$3.83
BP4/TCP4	\$194.19	-\$3.49	\$241.03	-\$1.54	\$273.07	\$2.27	\$257.10	\$6.14
Hylife	\$197.72	\$0.03	\$243.37	\$0.79	\$266.78	-\$4.01	\$244.33	-\$6.63
Ontario***	\$192.88	-\$4.81	\$253.93	\$11.35	\$285.44	\$14.65	\$257.22	\$6.25
Québec	\$203.26	\$5.58	\$255.71	\$13.13	\$285.21	\$14.42	\$258.57	\$7.61
Tyson (USD)	\$142.64	-\$55.04	\$208.94	-\$33.64	\$237.93	-\$32.86	\$204.52	-\$46.44
John Morrell (USD)	\$135.88	-\$61.80	\$205.09	-\$37.49	\$231.91	-\$38.88	\$194.28	-\$56.68

*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

Hog margins continue to weaken amid lower hog and pork values however did receive some offset support from a decrease in feed costs again this past week. Canadian farrow-to-finish feed costs fell nearly \$1.70/hog while those in the monitored US region declined \$1.35/hog from a week earlier.

Hog margins out of the OlyW 20 weakened \$9.85 to \$71.50/hog profits, while those out of Quebec fell \$9.50 to \$60.75/hog profits and Ontario declined \$6.35 to \$59.75/hog profits. OlyW 21 margins were down \$8.55 to more than \$54/hog profits, ML Sig 4 margins weakened \$6.60 to \$53/hog profits, and Hylife dropped \$5.50 to \$50.25/hog profits. In the US, hog margins out of Tyson weakened \$5.40 to nearly \$56.75/hog profits while JM margins were \$7.25 lower to nearly \$48.25/hog profits.

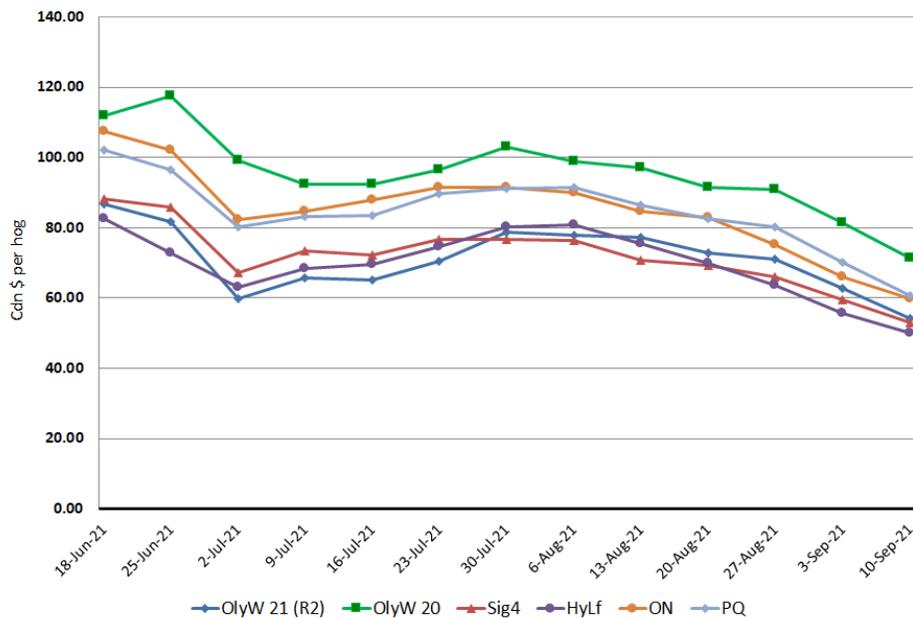
Regional MARGINS, \$/hog						
Packer/Region	10-Sep-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$268.24	\$137.29	\$39.45	\$20.05	\$196.79	\$71.45
OlyW 21 (R2)/Alberta	\$250.96	\$137.29	\$39.45	\$20.05	\$196.79	\$54.17
ML Sig 4/Manitoba	\$247.13	\$135.03	\$39.54	\$19.55	\$194.12	\$53.01
Hylife/Manitoba	\$244.33	\$135.04	\$39.54	\$19.55	\$194.13	\$50.20
Ontario	\$257.22	\$132.97	\$40.71	\$23.76	\$197.44	\$59.78
Québec	\$258.57	\$135.66	\$40.50	\$21.65	\$197.81	\$60.76
Tyson (USD)/Iowa	\$204.52	\$102.57	\$28.70	\$16.57	\$147.84	\$56.68
John Morrell (USD)/ND	\$194.28	\$100.84	\$28.70	\$16.57	\$146.11	\$48.17

* Feed costs standardized for a 285 pound market hog

Tyson: \$56.68 USD x 1.2661 = \$71.76 CAD

Morrell: \$48.17 USD x 1.2661 = \$60.99 CAD

Canadian Margins Last 13 weeks



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