



Weekly Regional HOG PRICE Report



Things to Consider....

September 21, 2021

The USDA's Quarterly Hogs & Pigs report was released Friday, September 24th. The report came in considerably lower than analyst's pre-report estimates, and most categories were also recorded under year ago levels.

All Hogs & Pigs edged 949 thousand head higher or +1.3% from June's revised figure, however was -3.9% or 3,082 thousand head under last year. All Hogs & Pigs reported for September remains higher than historical reports prior to early 2019, however it's worth noting that the inventories reported September 2019 & 2020 were all time historical highs (respectively).

Market-ready hogs over 180 pounds came out more than 1% higher than anticipated and is -1.3% from a year ago, while lighter groups under 120 lbs were 4% to 4.5% lower than pre-report estimates and as much as 6% under last year.

Kept for breeding declined 30 thousand head or -0.5% from the previous report however was down 143 thousand or -2.3% from last year. The September pig crop was reported lower, down 2,156 thousand head or -6.0% from the figure reported for last year.

Overall, the latest USDA H&P report is viewed as bullish/supportive as confirmed by lean hog futures activity following the report. Nearby December lean hogs rallied over \$6 US per cwt and deferred contracts for summer 2022 were \$3-4 US higher.

The bounce comes just after lean hog futures shed major value on speculative long liquidation and uncertainty going into the report. The latest numbers suggest that expansion of the breeding herd has been kept in check and that disease reports from earlier this summer materialized into fewer farrowings and reduced light weight category pigs.

Although the report was positive and cash is expected to remain steady-firm in the final quarter of 2021, the recent uptick in lean hogs provides hog producers an excellent opportunity to reduce exposure allowing a chance to hedge production near the top levels seen during the year for the fall and first part of 2022.

Quarterly H&P - Sept 2021

(1,000 head)	2020	2021	Est	%21/20	%Est-Act
All Hogs and Pigs	78,434	75,352	98.3%	96.1%	(2.2%)
Kept for Breeding	6,333	6,190	98.6%	97.7%	(0.9%)
Market Hogs	72,101	69,162	98.3%	95.9%	(2.4%)

Mkt hog Wt. Groups

Under 50 pounds	23,144	21,855	98.4%	94.4%	(4.0%)
50-119 pounds	21,020	19,751	98.5%	94.0%	(4.5%)
120-179 pounds	14,867	14,656	98.4%	98.6%	0.2%
180 pounds and over	13,069	12,899	97.6%	98.7%	1.1%

Jun-Aug Pig Crop

	36,056	33,900	96.4%	94.0%	(2.4%)
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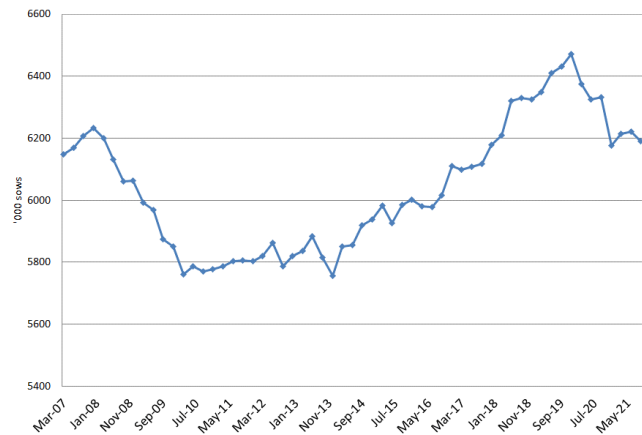
Jun-Aug Pigs per Litter

	11.06	11.13	100.1%	100.6%	0.5%
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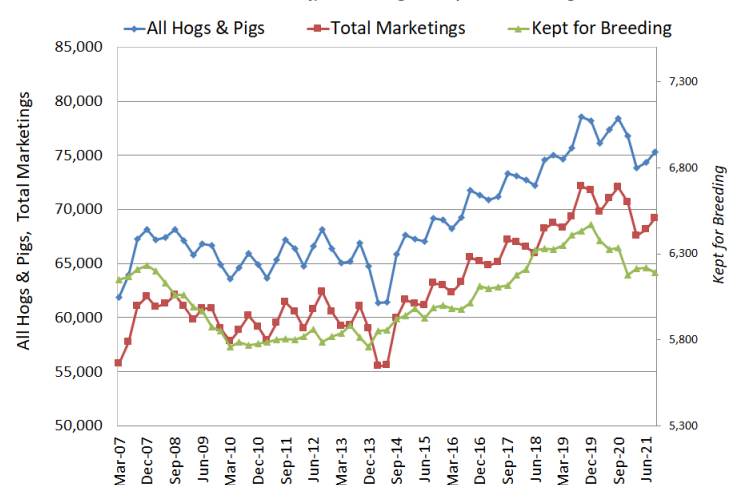
Sows Farrowing

21 Jun-Aug farrowed	3,260	3,046	96.3%	93.4%	(2.9%)
21 Sep-Nov intentions	3,132	3,000	98.2%	95.8%	(2.4%)
'21/22 Dec-Feb intentions	2,922	2,962	100.0%	101.4%	1.4%

US - Kept For Breeding



Total US Inventory, Marketings & Kept for Breeding



Weekly Hog Price Recap

Cash hogs continue to fall significantly amid daily declines, with regional cash reporting greater weakness mid-week compared to national cash. CME cash also declined daily with mid-week reporting heavier losses compared to other days. Wholesale pork primals were mixed to generally lower with only bellies and loins averaging above the previous week. US pork cutout ended \$2.79/cwt under the previous week's average.

USD Cash Price	Weekly Averages				
	Head	17-Sep-21	Head	10-Sep-21	w/w % Chg
ISM pm		\$86.87		\$91.84	-\$4.98 -5.4%
WCB pm		\$86.74		\$91.72	-\$4.98 -5.4%
Nat pm		\$85.17		\$88.71	-\$3.53 -4.0%
CME Index*		\$95.65		\$98.43	-\$2.78 -2.8%
Sows, 300-449lbs	11,983	\$76.79	10,179	\$81.80	-\$5.01 -6.1%
Sows, 500+ lbs	10,949	\$84.05	10,640	\$87.84	-\$3.78 -4.3%
BoC Exch		1.2674		1.2646	0.0028 0.2%

* Represents Friday-Thursday average

Canadian market hog values generally declined \$5-\$7 per hog. Hog values out Ontario fell nearly \$7.25/hog while those out of Quebec were \$5.75/hog lower. The ML Sig 4 declined nearly \$5.75/hog and Hylife fell \$5.50/hog from the previous week. Markets with lagged base pricing also recorded notable declines, with BP/TCP dropping more than \$8.25/hog while the OlyW 20 was down nearly \$5.50/hog and the OlyW 21 down more than \$3.50/hog. In the US, hog values out of Tyson fell \$9.25/hog while JM declined more than \$10.25/hog from week ago levels.

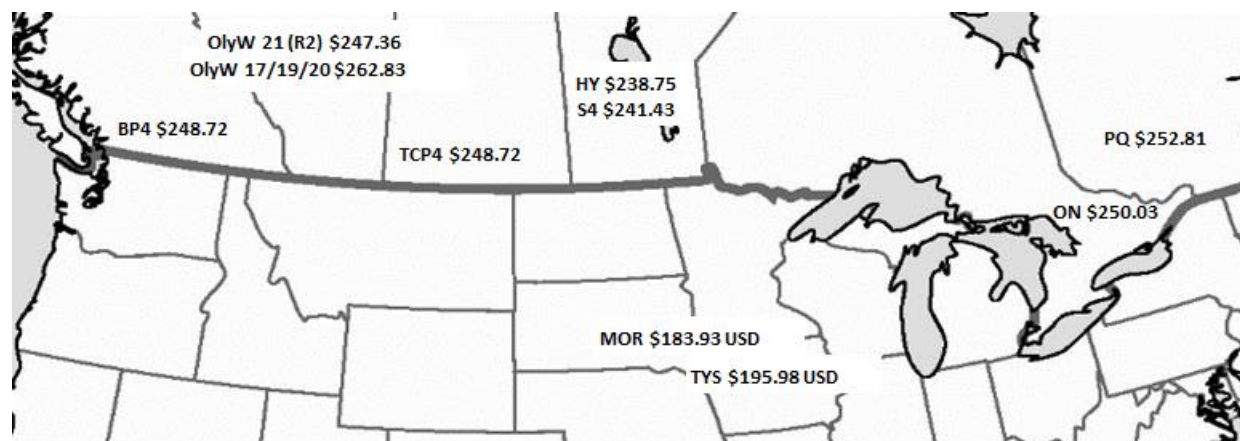
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 17-Sep-21	Difference to OlyW21
OlyW 2021 (R2)**	\$198.27		\$242.69		\$267.75		\$247.36	
OlyW 17/19/20*	\$192.01	-\$6.26	\$260.88	\$18.19	\$291.62	\$23.87	\$262.83	\$15.47
ML Sig 4	\$193.97	-\$4.30	\$241.79	-\$0.91	\$265.59	-\$2.16	\$241.43	-\$5.93
BP4/TCP4	\$194.72	-\$3.56	\$241.24	-\$1.45	\$270.88	\$3.12	\$248.72	\$1.36
Hylife	\$198.21	-\$0.06	\$243.18	\$0.49	\$263.60	-\$4.15	\$238.75	-\$8.61
Ontario***	\$193.66	-\$4.62	\$253.82	\$11.13	\$280.96	\$13.21	\$250.03	\$2.67
Québec	\$204.08	\$5.80	\$255.63	\$12.94	\$281.32	\$13.57	\$252.81	\$5.46
Tyson (USD)	\$143.32	-\$54.96	\$208.61	-\$34.09	\$232.72	-\$35.03	\$195.98	-\$51.38
John Morrell (USD)	\$136.52	-\$61.76	\$204.52	-\$38.18	\$225.01	-\$42.74	\$183.93	-\$63.43

*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 on significant declines in hog and pork values. Additionally, feed costs climbed on either side of the border, putting further pressure on hog margins. Canadian farrow-to-finish feed costs rose nearly \$2.25/hog while those in the monitored US region were up \$1.75/hog from a week earlier.

Hog margins out of the OlyW 20 continue as the strongest across monitored Canadian markets, however weakened \$7.60 to nearly \$64/hog profits. Margins out of Quebec fell \$8 to nearly \$53/hog profits and Ontario declined \$9.40 to nearly \$50.50/hog profits. OlyW 21 margins were down \$5.80 to more than \$48.25/hog profits, while ML Sig 4 margins weakened nearly \$8 to \$45/hog profits and Hylife dropped \$7.75 to \$42.50/hog profits. In the US, hog margins out of Tyson weakened \$10.25 to \$46.50/hog profits while JM margins were \$12 lower to \$36/hog profits.

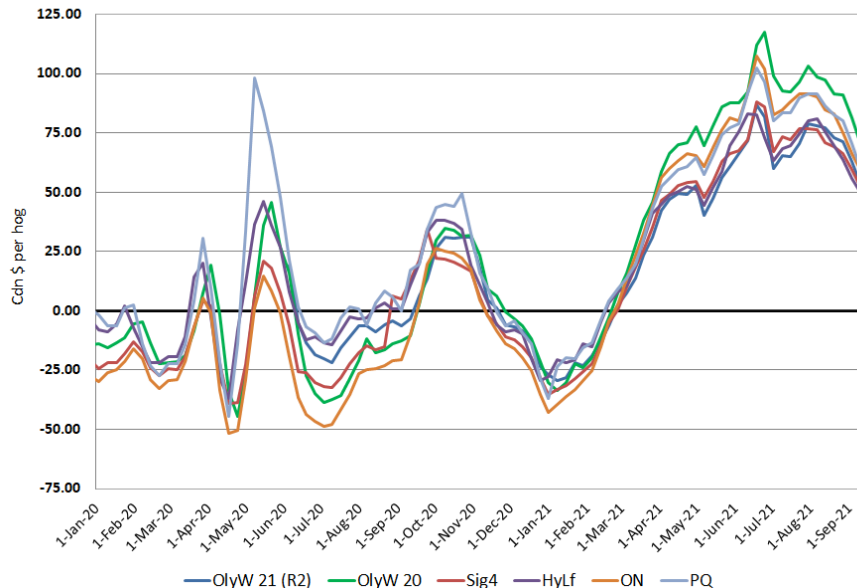
Regional MARGINS, \$/hog						
Packer/Region	17-Sep-21		Farrow to Finish		Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$262.83	\$139.48	\$39.45	\$20.05	\$198.98	\$63.85
OlyW 21 (R2)/Alberta	\$247.36	\$139.48	\$39.45	\$20.05	\$198.98	\$48.38
ML Sig 4/Manitoba	\$241.43	\$137.22	\$39.54	\$19.55	\$196.31	\$45.12
Hylife/Manitoba	\$238.75	\$137.23	\$39.54	\$19.55	\$196.32	\$42.43
Ontario	\$250.03	\$135.16	\$40.71	\$23.76	\$199.63	\$50.40
Québec	\$252.81	\$137.85	\$40.50	\$21.65	\$200.00	\$52.81
Tyson (USD)/Iowa	\$195.98	\$104.29	\$28.70	\$16.57	\$149.56	\$46.42
John Morrell (USD)/ND	\$183.93	\$102.56	\$28.70	\$16.57	\$147.83	\$36.10

* Feed costs standardized for a 285 pound market hog

Tyson: \$46.42 USD x 1.2801 = \$59.42 CAD

Morrell: \$36.10 USD x 1.2801 = \$46.21 CAD

Canadian Margins 2020-2021



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