



Weekly Regional HOG PRICE Report



Things to Consider....

October 12, 2021

The US Cold Storage report released this month reflected pork stocks at 466.4 million pounds for September, which is up 12.1 million pounds or +2.7% from August. For reference, pork in cold storage for August was revised lower from 460.1 to 454.3 million pounds. Current levels of pork in cold storage are nearly on par with year ago levels, a modest 791 thousand pounds higher.

Total hams in cold storage climbed 7.8 million pounds from August, with the bone-in variety higher while boneless declined slightly. Hams in cold storage typically climb from March through September, with the latest up +32.5% or 47.5 million pounds over year ago levels. Spare-ribs, trimmings and other pork also reported notable increases. Spare-ribs rose 4.2 million pounds from the seasonal bottom recorded in August but are 5.3 million under last year, while trimmings were up 3.8 million pounds from last reported and 4.2 million pounds higher than a year ago. The category accounting for other pork (which includes ears, tails, feet, neckbones and snouts) climbed 3.2 million pounds however is 2.3 million pounds under last year.

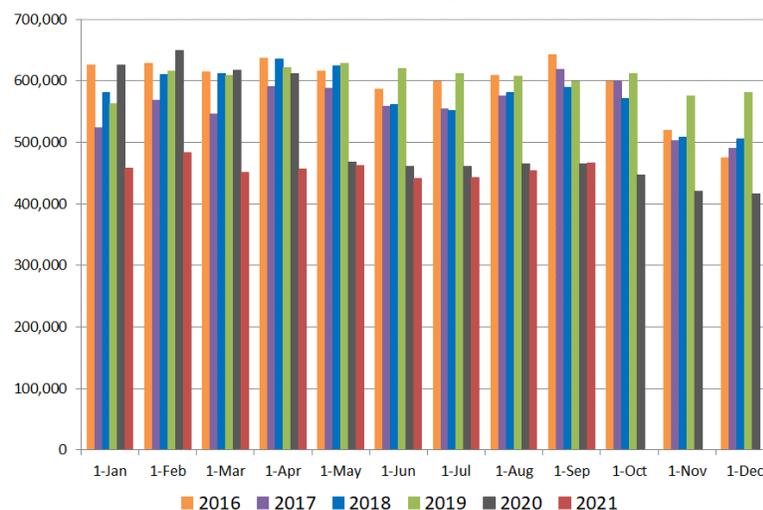
Declines were reported in categories such as bellies, variety meats, butts and picnics. Bellies in cold storage dropped 4.5 million pounds from August levels, bringing current stocks 11.8 million pounds or -47.5% under year ago levels. Variety meats declined 1.2 million pounds from August which is 4.0 million under last year, while butts fell 1.2 million pounds for September and is 4.2 million pounds under last year. Picnics fell 915 thousand pounds from August, and is 4.5 million pounds or -49.9% under last year.

As of late, lean hog futures have struggled to hold on to gains made in early October following the release of the surprising Hogs and Pigs report that forecast inventories to decline as much as 4-6% in the coming weeks.

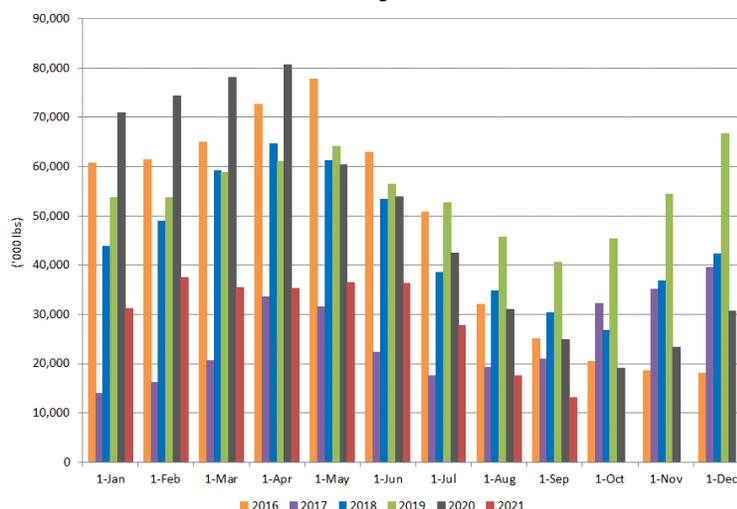
A lack of fresh news and seasonal pressures are contributing to the slide in both cash and futures markets. It is going to take something new to spur upside as the market heads into the heart of the fourth quarter.

US Pork in Cold Storage					
('000 lbs)	Sep-21	Aug-21	Sep-20	M/M %	Y/Y %
Picnics	4,493	5,408	8,964	-16.9%	-49.9%
Hams	193,474	185,633	145,994	4.2%	32.5%
Bellies	13,032	17,562	24,846	-25.8%	-47.5%
Loins	29,915	29,341	40,971	2.0%	-27.0%
Ribs	58,471	54,247	63,741	7.8%	-8.3%
Butts	11,976	13,163	16,224	-9.0%	-26.2%
Trimmings	41,067	37,237	36,852	10.3%	11.4%
Other	51,971	48,761	54,252	6.6%	-4.2%
Total Pork	466,410	454,293	465,619	2.7%	0.2%

US Pork in Cold Storage ('000 Lbs)



Cold Storage - Bellies



Weekly Hog Price Recap

Cash hogs continued to slide for much of the week, with national cash recording an additional day of declines compared to regional cash. CME cash improved early on but faced declines for the balance of the week, though not enough to offset earlier gains. Most wholesale pork primals fell, excluding bellies and more moderately ribs. US pork cutout fell \$2.44/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	8-Oct-21	Head	1-Oct-21		
ISM pm		\$70.98		\$74.01	-\$3.03	-4.1%
WCB pm		\$70.86		\$73.84	-\$2.98	-4.0%
Nat pm		\$70.54		\$74.32	-\$3.77	-5.1%
CME Index*		\$93.24		\$92.57	\$0.67	0.7%
Sows, 300-449lbs	11,594	\$59.93	13,523	\$63.68	-\$3.75	-5.9%
Sows, 500+ lbs	12,581	\$66.57	12,940	\$72.05	-\$5.48	-7.6%
BoC Exch		1.2562		1.2678	-0.0116	-0.9%

* Represents Friday-Thursday average

Hog values out of Quebec were up nearly \$6.50/hog, followed by those out of the OlyW 21 & OlyW 20 which were up \$8.25 and \$3.25 per hog respectively. The ML Sig 4 improved more than \$1/hog, while hog values out of Hylife were nearly unchanged from the previous week. Hog values out of Ontario as well as those out of BP/TC each declined near \$2/hog. In the US, hog values out of Tyson dropped more than \$10/hog while JM fell closer to \$6.25/hog from week ago levels.

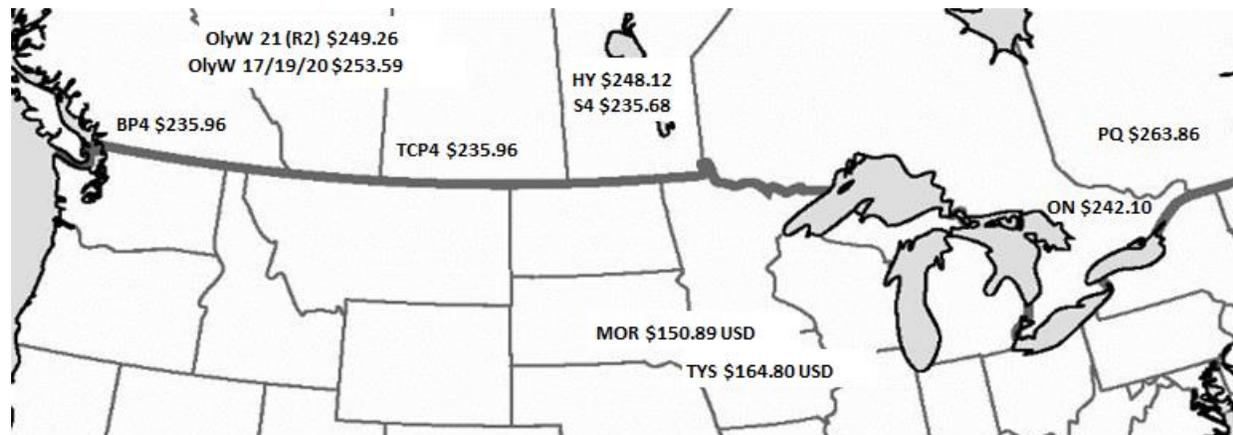
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 8-Oct-21	Difference to OlyW21
OlyW 2021 (R2)**	\$199.66		\$242.74		\$261.90		\$249.26	
OlyW 17/19/20*	\$193.77	-\$5.89	\$260.28	\$17.54	\$279.99	\$18.09	\$253.59	\$4.33
ML Sig 4	\$195.48	-\$4.19	\$241.33	-\$1.42	\$256.95	-\$4.95	\$235.68	-\$13.58
BP4/TCP4	\$196.09	-\$3.57	\$241.08	-\$1.67	\$261.29	-\$0.62	\$235.96	-\$13.30
Hylife	\$199.51	-\$0.15	\$243.39	\$0.64	\$258.86	-\$3.04	\$248.12	-\$1.15
Ontario***	\$195.36	-\$4.31	\$253.04	\$10.30	\$270.07	\$8.16	\$242.10	-\$7.16
Québec	\$206.19	\$6.52	\$255.71	\$12.96	\$274.11	\$12.20	\$263.86	\$14.60
Tyson (USD)	\$144.46	-\$55.21	\$206.13	-\$36.61	\$212.94	-\$48.97	\$164.80	-\$84.46
John Morrell (USD)	\$137.21	-\$62.46	\$200.87	-\$41.88	\$199.91	-\$61.99	\$150.89	-\$98.37

*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

Monitored Canadian hog margins improved on the week, supported by a decline in feed costs. Canadian farrow-to-finish feed costs declined \$2/hog while those in the monitored US region were down less than \$1/hog.

Hog margins out of Quebec strengthened \$8.40 to \$64.75/hog profits, followed by the OlyW 20 which rose \$5.30 to \$55.50/hog profits. Margins out of Hylife improved \$2 to nearly \$52.75/hog profits, while the OlyW 21 strengthened \$10.30 to more than \$51/hog profits. Ontario margins were nearly unchanged from the previous week to nearly \$52.75/hog profits, while ML Sig 4 margins improved \$3.15 to \$40.25/hog profits. In the US, hog margins out of Tyson weakened nearly \$8.75 to \$15.75/hog profits while JM margins were \$5.25 lower to \$3/hog profits.

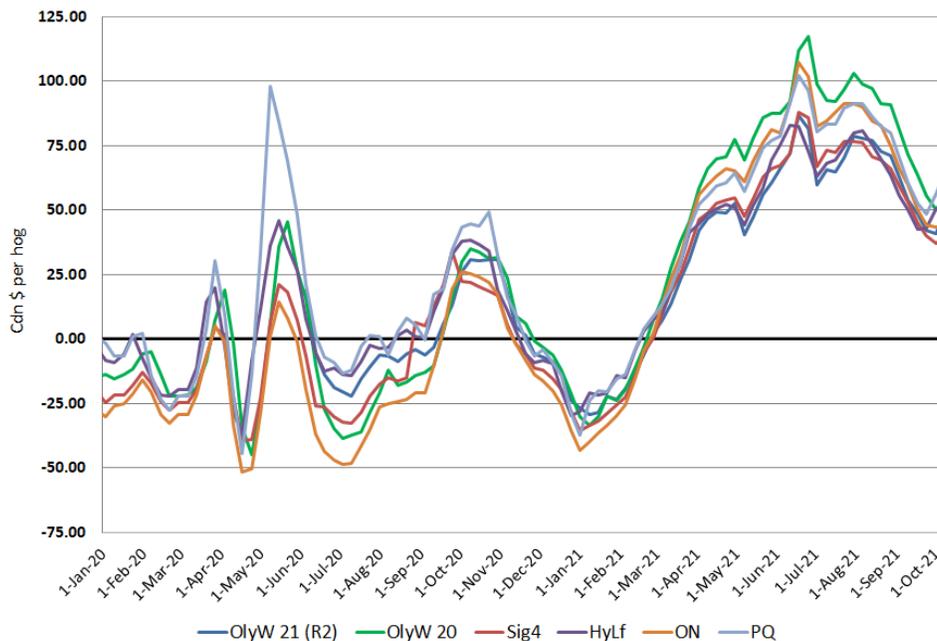
Regional MARGINS, \$/hog						
Packer/Region	8-Oct-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$253.59	\$138.59	\$39.45	\$20.05	\$198.09	\$55.50
OlyW 21 (R2)/Alberta	\$249.26	\$138.59	\$39.45	\$20.05	\$198.09	\$51.17
ML Sig 4/Manitoba	\$235.68	\$136.33	\$39.54	\$19.55	\$195.42	\$40.26
Hylife/Manitoba	\$248.12	\$136.34	\$39.54	\$19.55	\$195.43	\$52.69
Ontario	\$242.10	\$134.27	\$40.71	\$23.76	\$198.74	\$43.36
Québec	\$263.86	\$136.96	\$40.50	\$21.65	\$199.11	\$64.75
Tyson (USD)/Iowa	\$164.80	\$104.29	\$28.70	\$16.57	\$149.56	\$15.24
John Morrell (USD)/ND	\$150.89	\$102.56	\$28.70	\$16.57	\$147.83	\$3.06

* Feed costs standardized for a 285 pound market hog

Tyson: \$15.24 USD x 1.2461 = \$18.99 CAD

Morrell: \$3.06 USD x 1.2461 = \$3.81 CAD

Canadian Margins 2020-2021



Disclaimer: Commodity Professionals Inc. presents this report as a snapshot of the market using current information available at the time of the report. These findings are for informational purposes only and should not be reproduced or transmitted by any means without permission. Commodity Professionals Inc. does not guarantee, and accepts no legal liability arising from or connected to, the accuracy, reliability, or completeness of any material contained in the publication.