



# Weekly Regional HOG PRICE Report



## Things to Consider....

October 19, 2021

The roller coaster ride which has been the lean hog futures market, continued its two sided journey registering additional losses since the last market peak on October 1<sup>st</sup>. The month of October has not been kind to hog futures with nearby December shedding nearly \$12 US per cwt or roughly \$25 per hog CAD over the last month.

Most 2022 contracts have also seen declines with April dropping \$10 US per cwt and July now down \$8 US or close to \$20 CAD per hog in just the last 20 trading days.

With a lack of fresh market news, the once red hot market has now succumbed to outside pressures and liquidation from large speculative trade. For now, the bloom is off the rose and short to medium term markets are projected lower. Bounces are projected from time to time, but overall the trend currently has established itself as lower. Any bounce seen in the market as was the case in late September should be viewed as a selling opportunity for hog producers.

The Canadian dollar trading over 81.00 cents for the first time since earlier summer also did not help with contractable pricing and added to the weakness seen in most forward contract programs across the country. Hog producers should pay close attention and take advantage to any short-term rallies which could appear during the 4<sup>th</sup> quarter to reduce exposure for what is expected to be a steady to lower market into the end of the year.



# Weekly Hog Price Recap

Regional and national cash hogs declined for much of the week, with improvements reported Tuesday and Thursday not enough to offset weakness other days. CME cash also fell daily however faced larger declines, particularly the latter half of the week. Weekly wholesale pork values fell overall, despite cutout recording daily improvements for much of the week. Declines in primals recorded Tuesday and Friday helped drive US pork cutout fell \$6/cwt under the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	15-Oct-21	Head	8-Oct-21		
ISM pm		\$69.05		\$70.98	-\$1.93	-2.7%
WCB pm		\$69.05		\$70.86	-\$1.80	-2.5%
Nat pm		\$68.31		\$70.54	-\$2.24	-3.2%
CME Index*		\$89.74		\$93.24	-\$3.50	-3.8%
Sows, 300-449lbs	12,690	\$58.37	11,594	\$59.93	-\$1.56	-2.6%
Sows, 500+ lbs	11,567	\$64.81	12,581	\$66.57	-\$1.76	-2.6%
BoC Exch		1.2414		1.2562	-0.0148	-1.2%

\* Represents Friday-Thursday average

Market hog values fell as much as \$16/hog with those out of Hylife down the most and closely followed by Quebec, which declined \$15.50/hog. Ontario hog values fell \$12.25/hog, while the ML Sig 4 declined \$9.50/hog. Markets derived from lagged-based pricing were down less in comparison, with the OlyW 20 & OlyW 21 down \$6 and \$5.25 per hog respectively while the BP/TC climbed more than \$1/hog. In the US, hog values out of Tyson dropped nearly \$5.75/hog while JM fell \$3.75/hog from week ago levels.

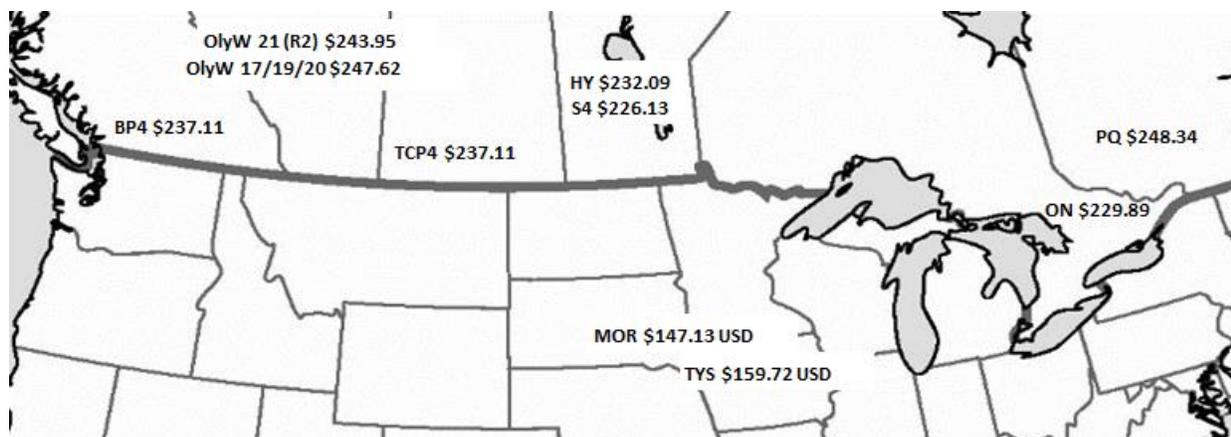
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 15-Oct-21	Difference to OlyW21
OlyW 2021 (R2)**	\$200.01		\$242.76		\$260.32		\$243.95	
OlyW 17/19/20*	\$194.21	-\$5.80	\$259.97	\$17.21	\$276.59	\$16.26	\$247.62	\$3.67
ML Sig 4	\$195.77	-\$4.24	\$240.96	-\$1.80	\$253.64	-\$6.68	\$226.13	-\$17.82
BP4/TCP4	\$196.51	-\$3.51	\$240.98	-\$1.78	\$258.67	-\$1.65	\$237.11	-\$6.84
Hylife	\$199.79	-\$0.22	\$243.09	\$0.33	\$256.23	-\$4.09	\$232.09	-\$11.86
Ontario***	\$195.65	-\$4.36	\$252.47	\$9.71	\$265.58	\$5.26	\$229.89	-\$14.07
Québec	\$206.63	\$6.61	\$255.53	\$12.77	\$271.36	\$11.03	\$248.34	\$4.39
Tyson (USD)	\$144.57	-\$55.44	\$205.01	-\$37.75	\$206.23	-\$54.09	\$159.72	-\$84.24
John Morrell (USD)	\$137.28	-\$62.74	\$199.56	-\$43.20	\$192.64	-\$67.68	\$147.13	-\$96.82

\*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 weakened due to heavier declines recorded in market hog values. A reduction in feed costs did provide some offset support, with Canadian farrow-to-finish feed costs down \$2.75/hog while those in the monitored US region were down \$1.50/hog from a week earlier.

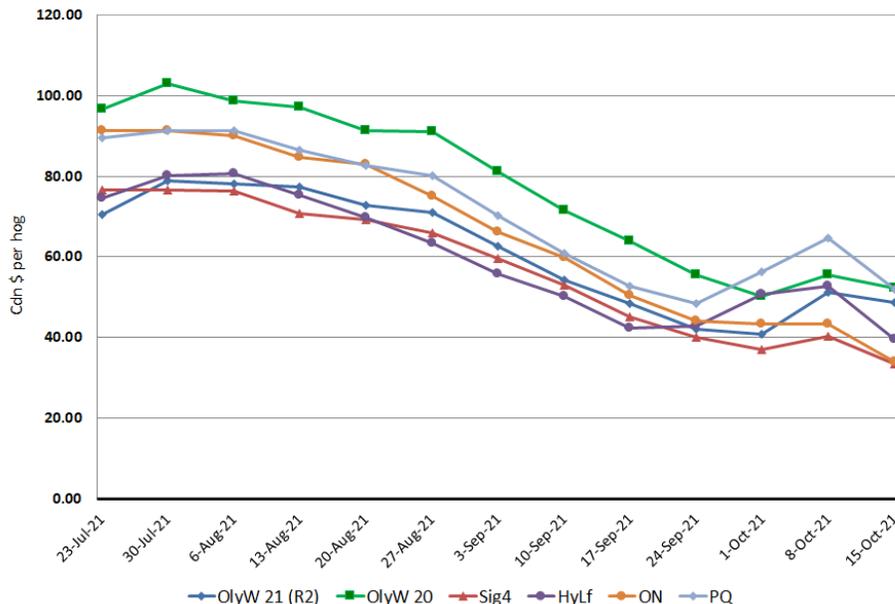
Hog margins out of the OlyW 20 weakened nearly \$3.25 to more than \$52.25/hog profits, followed by margins out of Quebec which fell \$12.75 to \$52/hog profits. OlyW 21 margins were down \$2.50 to nearly \$48.75/hog profits, while Hylife weakened \$13.25 to \$39.50/hog profits. Ontario margins dropped \$9.50 to \$34/hog profits, while ML Sig 4 margins fell \$6.75 to \$33.50/hog profits. In the US, hog margins out of Tyson weakened more than \$4 to \$11.75/hog profits while JM margins were \$2.25 lower to shy of \$1/hog profits.

Regional MARGINS, \$/hog						
Packer/Region	15-Oct-21	Farrow to Finish			Total COP	Weekly Margin
	Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$247.62	\$135.80	\$39.45	\$20.05	\$195.30	\$52.32
OlyW 21 (R2)/Alberta	\$243.95	\$135.80	\$39.45	\$20.05	\$195.30	\$48.65
ML Sig 4/Manitoba	\$226.13	\$133.54	\$39.54	\$19.55	\$192.63	\$33.50
Hylife/Manitoba	\$232.09	\$133.55	\$39.54	\$19.55	\$192.64	\$39.45
Ontario	\$229.89	\$131.48	\$40.71	\$23.76	\$195.95	\$33.94
Québec	\$248.34	\$134.17	\$40.50	\$21.65	\$196.32	\$52.02
Tyson (USD)/Iowa	\$159.72	\$102.74	\$28.70	\$16.57	\$148.01	\$11.71
John Morrell (USD)/ND	\$147.13	\$101.01	\$28.70	\$16.57	\$146.28	\$0.85

\* Feed costs standardized for a 285 pound market hog

Tyson: \$11.71 USD x 1.2357 = \$14.47 CAD  
 Morrell: \$0.85 USD x 1.2357 = \$1.05 CAD

## Canadian Margins Last 13 weeks



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