



Weekly Regional HOG PRICE Report



Things to Consider....

December 7, 2021

After what feels like an eternity, cash hog markets appear to be grinding out a potential short-term bottom as regional markets such as the Western Corn-belt and National, post their first weekly gain in nearly 6 months. The 3-year graph labelled **US Base Cash Prices** illustrates just how high regional and CME cash bids traded in Apr-Jul of 2021 in comparison to the previous 3 years. Even after the recent 6-month collapse, CME cash remains above the historical market values for this time of year.

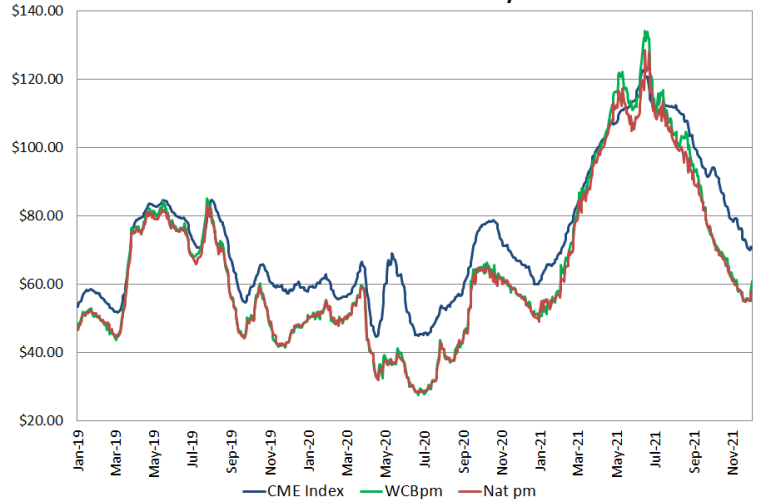
The second graph labelled **CME Index Cash** which is used in formulating many local Western Canadian cash prices provides a visual of a very seasonal type move of cash hog bids, beginning the year like many others valued around \$60 US per CWT in Jan and then rallying continuously to mid June. Since then, cash has eroded slowly to again trade in the \$70's as it did at the start of the year but remains above the previous 6 years heading into the last couple weeks of December.

Pork values and market hog slaughter have been two of the main driving forces behind keeping cash bids above previous years. The USDA National Carlot Pork Report demonstrated a very similar trade pattern to the CME peaking in mid summer and then eroding into the fall and winter months.

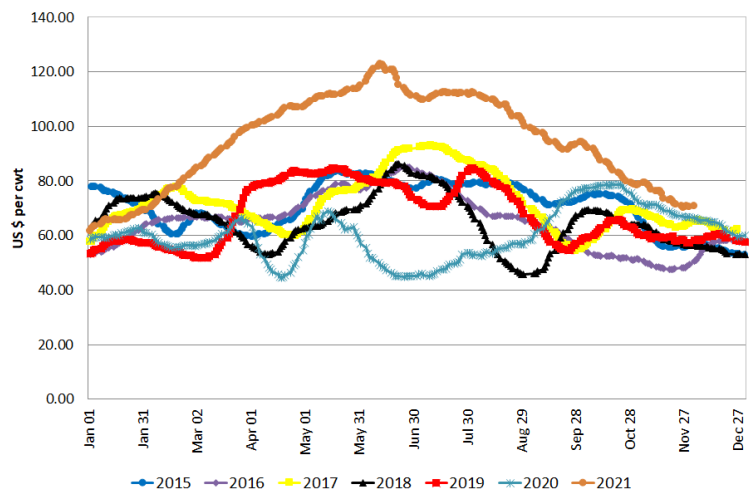
Hog producers looking to make marketing decisions for 2022 should pay close attention to the CME Index Cash graph. Only once in the last 7 years has cash hog prices traded over \$100 US per cwt and only in 2017 did they surpass \$90. Current summer lean hog futures including June, July and August are all around \$95 US per cwt and have traded as high as \$98 in recent weeks.

Producers should not only use the 2021 rally as a point of reference when deciding to make contracting decisions for the year ahead.

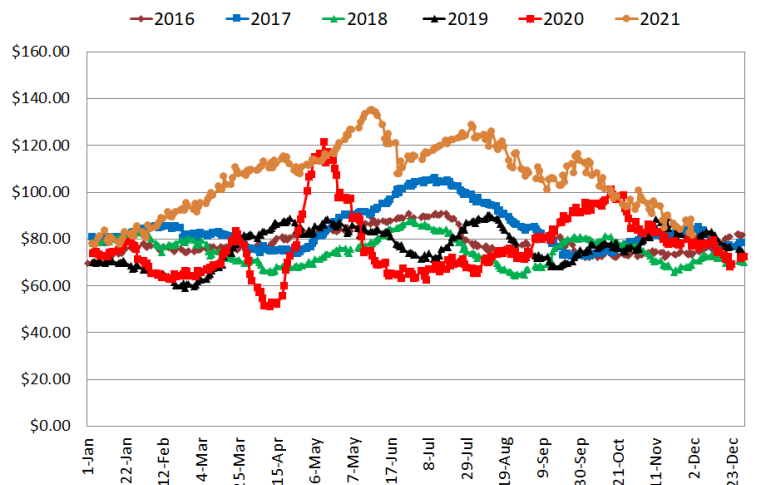
US Base Cash Prices USD/cwt



CME Index Cash



USDA National Carlot Pork Report - Cutout



Weekly Hog Price Recap

Cash hogs improved throughout much of the week with regional cash significantly higher compared to national cash which recorded a modest decline Thursday. Alternatively, CME cash declined overall however did record some improvements mid-week to offset declines other days. Wholesale pork values were mixed with bellies, butts and picnics higher while hams and loins declined, and ribs were nearly unchanged. US pork cutout finished the week \$0.22/cwt over the previous week's average.

USD Cash Price	Weekly Averages				w/w	% Chg
	Head	03-Dec-21	Head	26-Nov-21		
ISM pm		\$59.67		\$55.50	\$4.17	7.5%
WCB pm		\$59.63		\$55.43	\$4.20	7.6%
Nat pm		\$57.87		\$55.28	\$2.60	4.7%
CME Index*		\$70.46		\$72.55	-\$2.09	-2.9%
Sows, 300-449lbs	12,956	\$68.12	8,703	\$70.44	-\$2.32	-3.3%
Sows, 500+ lbs	11,000	\$75.27	7,239	\$77.76	-\$2.50	-3.2%
BoC Exch		1.2792		1.2698	0.0094	0.7%

* Represents Friday-Thursday average

Market hog values generally declined \$3-\$6 per hog on the week, excluding Hylife which improved \$2/hog from week ago levels. The OlyW 20 & 21 were each down near \$5.50/hog, while BP/TP was down closer to \$5.25/hog. Hog values out of Ontario fell shy of \$3.75/hog, while those out of Quebec were down \$3/hog and the ML Sig 4 declined nearly \$2.75/hog. In the US, hog values out of Tyson edged \$0.75/hog higher while JM jumped \$8.75/hog from week ago levels.

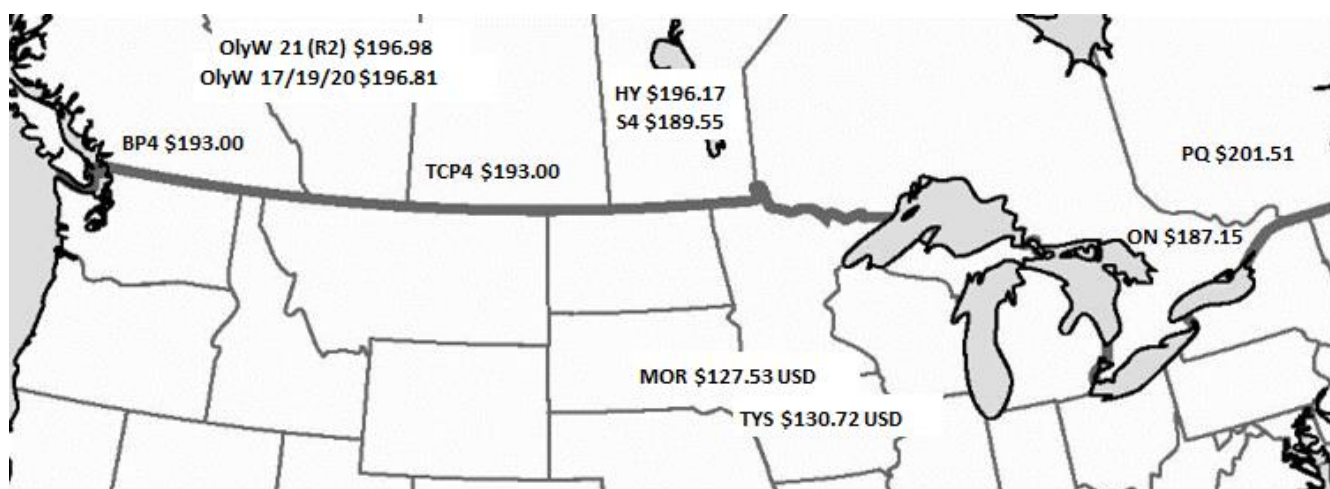
Regional Pricing, \$/hog								
Packer/Region	3 Year	Difference to OlyW21	2021 YTD	Difference to OlyW21	Last 13 weeks	Difference to OlyW21	Ending 03-Dec-21	Difference to OlyW21
OlyW 2021 (R2)**	\$201.32		\$238.11		\$227.19		\$196.98	
OlyW 17/19/20*	\$196.36	-\$4.96	\$253.11	\$15.00	\$232.91	\$5.72	\$196.81	-\$0.17
ML Sig 4	\$196.89	-\$4.43	\$235.03	-\$3.08	\$217.22	-\$9.97	\$189.55	-\$7.43
BP4/TCP4	\$197.76	-\$3.56	\$235.96	-\$2.15	\$223.53	-\$3.66	\$193.00	-\$3.98
Hylife	\$201.09	-\$0.23	\$237.73	-\$0.38	\$222.41	-\$4.77	\$196.17	-\$0.82
Ontario***	\$196.81	-\$4.51	\$244.96	\$6.85	\$221.06	-\$6.13	\$187.15	-\$9.83
Québec	\$208.43	\$7.11	\$249.66	\$11.55	\$233.58	\$6.39	\$201.51	\$4.53
Tyson (USD)	\$145.04	-\$56.28	\$195.74	-\$42.38	\$159.85	-\$67.33	\$130.72	-\$66.26
John Morrell (USD)	\$137.66	-\$63.66	\$189.30	-\$48.81	\$145.75	-\$81.43	\$127.53	-\$69.45

*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 continue to weaken overall on declining hog values, however a reduction in feed costs was again partially supportive. Canadian farrow-to-finish feed costs fell \$0.65/hog while those in the monitored US region declined \$1/hog from a week earlier.

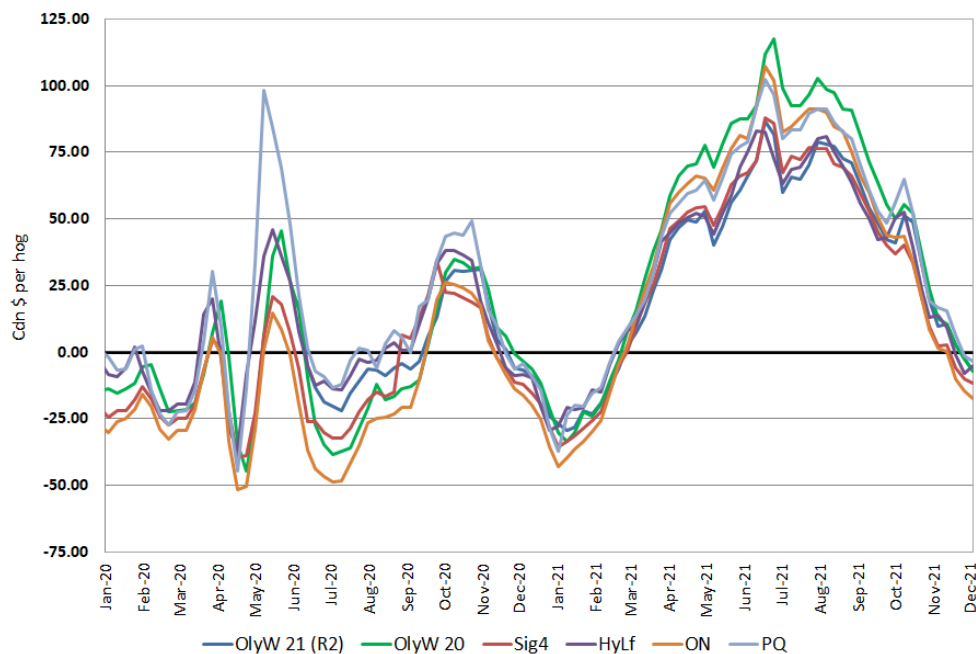
Hog margins out of Ontario weakened \$3 to \$17.50/hog losses, while the Sig 4 fell \$2 to more than \$11.75/hog losses. The OlyW 20 declined \$4.75 to \$7.25/hog losses while the OlyW 21 fell \$5 to \$7/hog losses, and Hylife strengthened \$2.75 to \$5.25/hog losses while margins out of Quebec weakened \$2.25 to \$3.50/hog losses. In the US, Tyson margins strengthened \$1.75 to nearly \$20.25/hog losses while JM margins strengthened \$9.75 to more than \$21.50/hog losses from the previous week.

Regional MARGINS, \$/hog						
Packer/Region	Farrow to Finish				Total COP	Weekly Margin
	03-Dec-21 Hog Price	Feed*	Variable	Fixed		
OlyW 20/Alberta	\$196.81	\$144.54	\$39.45	\$20.05	\$204.04	-\$7.23
OlyW 21 (R2)/Alberta	\$196.98	\$144.54	\$39.45	\$20.05	\$204.04	-\$7.06
ML Sig 4/Manitoba	\$189.55	\$142.28	\$39.54	\$19.55	\$201.37	-\$11.82
Hylife/Manitoba	\$196.17	\$142.29	\$39.54	\$19.55	\$201.38	-\$5.21
Ontario	\$187.15	\$140.22	\$40.71	\$23.76	\$204.69	-\$17.54
Québec	\$201.51	\$142.91	\$40.50	\$21.65	\$205.06	-\$3.55
Tyson (USD)/Iowa	\$130.72	\$105.63	\$28.70	\$16.57	\$150.90	-\$20.18
John Morrell (USD)/ND	\$127.53	\$103.90	\$28.70	\$16.57	\$149.17	-\$21.64

* Feed costs standardized for a 285 pound market hog

Tyson: $\$(20.18)$ USD x 1.266 = $\$(25.55)$ CAD
 Morrell: $\$(21.64)$ USD x 1.266 = $\$(27.40)$ CAD

Canadian Margins 2020-2021



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